

CONTROLLING SHAREHOLDER

City Apex was incorporated on 23rd August, 2002 as an investment holding company, which is beneficially owned as to 77% by ER2 and as to 23% by Wellsmart Assets, a wholly-owned subsidiary of Great Eagle.

ER2 is an investment holding company based in Hong Kong and is the ultimate holding company of the Company. Apart from its investment in the Company, ER2 is also engaged in property investment and securities trading. Since becoming a major Shareholder (by virtue of its 77% shareholding in City Apex), ER2 has not held any shares in companies which are engaged in human resources related businesses. ER2 is beneficially owned as to approximately 67% by Mr. Lau and as to 12% by Mr. Wan. The remaining shareholding interest in ER2 is beneficially owned as to 15% by Mr. Martin Tang Yue-Nien, 5% by Dr. Lo, and 1% by Colchester Holdings. Save for being co-investors in ER2, each of Mr. Lau, Mr. Wan, Mr. Martin Tang Yue-Nien, Dr. Lo and Colchester Holdings together with its ultimate beneficiaries is an Independent Third Party.

GEC is an indirect wholly-owned subsidiary of Great Eagle, which is a substantial shareholder of the Company. Dr. Lo is the chairman and managing director of Great Eagle. Mr. Lee, a Director since 24th June, 2002, is an assistant director of Great Eagle. Both Dr. Lo and Mr. Lee are directors of City Apex. The other directors of City Apex include Mr. Lau and Ms. Lam Mei Lan.

Save for the common directors among the Group, City Apex, ER2 and GEC, the Directors consider that the businesses of City Apex, ER2 and GEC have been operating independently from the Group, and the Group is able of carrying on its business independently of the businesses of City Apex, ER2 and GEC.

City Apex, ER2 and GEC are investment holding companies and engaged in different businesses from the Group, therefore there has been no material business dealing and operations between the Group and each of City Apex, ER2 or GEC. Although there are common directors among the Group, City Apex, ER2 and GEC, there is a complete separation of management and staff. The Group and City Apex, ER2 and GEC do not rely on each other in respect of suppliers, customers, sales and marketing and general administration resources. The amounts due from or to City Apex, ER2 and GEC, which are immaterial, during the Track Record Period were fully settled as at the Latest Practicable Date.

1. International Resources Group Limited

(a) *Relationship with controlling shareholders and the Directors*

Mr. Lau is a Director and also a director and shareholder of IRG, a company incorporated in the UK in 1997. Mr. Lau has an interest of approximately 1% in IRG.

(b) Delineation of business

IRG, trading as Odgers, Ray & Berndtson, is a leading executive search firm in the UK, which focuses on senior executive and board level appointments. IRG employs approximately 230 employees, predominantly active in the UK and reports a net fee income of about GBP41 million for the year ended 31 December 2006. IRG is a subsidiary of OPD Group, a company providing human resources/recruitment consulting services listed on the London Stock Exchange, while the Group only provides staff selection service in Shanghai, i.e. assisting client to recruit staff by placing advertisements in the Group's Shanghai published weekly newspaper – 1010job精英招聘, as an ancillary service for promoting its recruitment publication. The staff selection service is an ancillary service designed by the Group for promoting its recruitment advertising business in Shanghai. The Group's turnover of staff selection service in Shanghai was less than 1% of the Group's turnover for the year ended 31 December 2005 and 2006, respectively. The related net profit amounted to less than 5% of that of the Group for the respective years.

Therefore, the Directors believe that since the Group is operating with a different business model, it is not competing, or will not be competing with IRG in the foreseeable future.

(c) Operational, management and financial independence of the Group

The Group and IRG have its own management teams at both the executive and operational levels. Mr. Lau is a minority shareholder of IRG not involving in the operation or the day-to-day management of IRG. IRG is controlled by the management of OPD Group and save for Mr. Lau is a common director of the Group and IRG, the Group and OPD Group do not have common directors. Furthermore, there is a complete separation of staff and the respective staff members of the Group and IRG are not on the payroll of the other. In addition, there has been no business dealing between the Group and IRG and no amounts due from or to IRG during the Track Record Period. In view of the above, the Directors consider that the business of IRG has been operating independently from the Group, and that the Group is capable of carrying on its business independently of the business of IRG.

For the above reasons and that Mr. Lau is only a minority shareholder of IRG, IRG has not been included in the Group in the past and was not included in the Group for the purpose of the Introduction. Mr. Lau has confirmed that he has no intention to inject his interest in IRG into the Group presently.

2. Amrop Hever

(a) Relationship with controlling shareholders and the Directors

Mr. Lau and Mr. Wan, being the Directors, have an interest of 12.5% and 55.0% respectively in SWPL operating under the licensed name of Amrop Hever ("Amrop Hever"). SWPL is incorporated in Hong Kong on 1st December, 1997. Mr. Wan is also a director of SWPL.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND THE DIRECTORS

(b) Delineation of business

SWPL is principally engaged in senior level executive search services in Hong Kong, Beijing and Shanghai under the licensed name of Amrop Hever. SWPL has about 20 employees. Amrop Hever is a global executive search firm which is principally engaged in senior level executive search services worldwide through its international network.

The Group, providing advertising services to recruitment advertisers, offers a medium to facilitate the recruitment process among recruitment advertisers and job seekers. As an ancillary service for promoting its recruitment publication – 1010job 精英招聘, the Group also provides staff selection service in Shanghai. The remuneration level of the Group's target candidates generally falls below RMB400,000 per annum. On the other hand, Amrop Hever handles search assignments on an exclusive and retained basis and relies on proprietary research resources to identify senior level executives whose remuneration packages regularly falls into the range between RMB400,000 and RMB1,000,000 per annum. The Group's turnover of staff selection service in Shanghai was less than 1% of the Group's turnover for the year ended 31 December 2005 and 2006 respectively. The related net profit amounted to less than 5% of that of the Group for the respective years.

Given there is a clear delineation between the principal activities of the Group and Amrop Hever, the Directors are of the view that no competing interest arises with regard to the business of Amrop Hever insofar as the Group is concerned.

(c) Operational, management and financial independence of the Group

The Group and SWPL have its own management teams at both the executive and operational levels. Although Mr. Wan is a director of both the Group and SWPL, he does not have an executive role in the Group and has not involved in the day-to-day management of the Group. Mr. Lau, on the other hand, is a minority shareholder of SWPL and is not involved in the day-to-day management of SWPL. Furthermore, there is a complete separation of staff. There have been no business dealing between the Group and SWPL and no amounts paid by Amrop Hever to the Group during the Track Record Period. In view of the above, the Directors consider that the business of SWPL operates independently from the Group, and the Group is capable of carrying on its business independently of the business of SWPL.

For the above reasons and that the clienteles and services of SWPL are entirely different from that of the Group as explained above, the Directors consider that the business of SWPL is neither synergetic nor essential to the Group and therefore SWPL has not been included in the Group in the past and was not included in the Group for the purpose of the Introduction. Mr. Lau and Mr. Wan have confirmed that they have no intention to inject the business of SWPL into the Group presently.

Save as disclosed above, none of the Directors or controlling shareholders of the Company and other Shareholders with 5% or more interest has any business or interest that competes or may compete with the business of the Group.

POLICIES AND MECHANISMS TO AVOID POTENTIAL CONFLICTS OF INTEREST

Policies and mechanisms of the Group in place to avoid potential conflicts of interest include the followings:

- (i) Currently, the Board comprises 10 Directors, four of whom are non-executive Directors, three are independent non-executive Directors and three are executive Directors. Independent non-executive Directors comprise not less than one-thirds of the Board. Each of the non-executive Directors is not involved in the day-to-day operation and management of the Group. Their primary duties include, among other things, attending and voting at Board meetings and to bring independent advices on the Group's strategies and policies. Save for Mr. Lau (who is the Chairman and an executive Director) and Mr. Wan (who is a non-executive Director), none of the Directors and senior management holds any position or any interest of more than 5% in businesses that competes or may compete with the business of the Group.

The majority, meaning eight out of 10 members of the Board does not hold any position or any interest of more than 5% in businesses that competes or may compete with the business of the Group. It is the Board as a whole, and not the individual Director, which together with the senior management of the Group make decisions for the Group and oversee the operation of the Group.

- (ii) Each Director is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit of the Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests. If potential conflict of interest arises, the interested Director(s) will bring the matter to the independent non-executive Directors and shall not be present during the discussion of the relevant resolution in which conflict of interest may arise and shall abstain from voting on such proposed resolution.
- (iii) The Company has set up an audit committee and a remuneration committee with the composition being independent non-executive Directors. The primary duty of the audit committee is to review and supervise the financial reporting process and internal control system of the Group. The primary duties of the remuneration committee include making recommendations to the Board regarding the policies and structure of remuneration packages of the Directors and senior management of the Group and reviewing their performance-based remuneration.
- (iv) The Company has engaged Somerley as the compliance adviser who shall ensure that the Company is properly guided and advised as to compliance with the Listing Rules and any other applicable laws and regulations.
- (v) The independent non-executive Directors may employ an independent financial adviser and to seek advice in considering connected transactions when it is necessary.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND THE DIRECTORS

- (vi) The Directors are obliged under the Bye-laws to declare to the Board any potential conflict of interest with the Group at Board meetings. The Board would monitor the potential conflict of interest of Directors and the Directors have to submit confirmation to the Board for disclosing details of competing businesses in any interim or annual reports to be issued by the Company.
- (vii) In addition to the above measures, City Apex, being the controlling shareholder of the Company, and each of the executive Directors and non-executive Directors have given a non-competition undertaking in favour of the Company (the “Non-Competition Undertaking(s)”), pursuant to which each of them has undertaken not to compete with the businesses currently undertaken by the Group, which have been defined in the Non-Competition Undertakings as the operation or ownership in recruitment advertising, recruitment agency, inflight magazine advertising, agency for advertising spaces for statutory announcements and printing in the PRC and in Hong Kong, save for those interests as disclosed in this document (please refer to the disclosure in the section headed “Directors’ interest in competing business” in Appendix V to this document) or any holdings less than 10% of the voting shares in the company concerned.

The Non-Competition Undertaking of City Apex will automatically lapse if City Apex cease to be the controlling shareholders of the Company and the Non-Competition Undertakings of each Director will automatically lapse if he or she ceases to be a Director.

To promote good corporate governance and increase transparency, in relation to the Non-Competition Undertakings:

- (a) the Board (including the independent non-executive Directors) will review on an annual basis the compliance with the Non-Competition Undertaking by City Apex and each of the Directors who gave the Non-Competition Undertakings;
- (b) City Apex and each Director who gave the Non-Competition Undertaking have also undertaken to provide all information necessary for the annual review by the Board (including independent non-executive Directors) and the enforcement of the Non-Competition Undertakings;
- (c) the Company will disclose details of non-compliance of the Non-Competition Undertaking, if any, in its annual report;
- (d) after the Introduction, City Apex and each Director will continue to prominently disclose details as required under Rule 8.10(2)(a) of the Listing Rules of any such interests (including any interests acquired after the Introduction) in the Company’s annual report; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND THE DIRECTORS

- (e) City Apex and each Director will prominently disclose in the Company's annual reports any change in details previously so disclosed in this document or annual reports.

Based on the above, the Board is satisfied that there are sufficient and effective arrangements to manage potential conflict of interest between the Group, the controlling shareholder of the Company and/or the Directors and to protect minority Shareholders' rights after listing on the Main Board.