

OVERVIEW

The Group is a CRM outsourcing service provider that focuses on the Hong Kong, Macau and the PRC markets. The traditional role that CRM outsourcing service providers play is to provide managed customer services, mainly for sizable companies who wish to outsource such services to reduce cost. The service scope of CRM outsourcing service providers today has broadened to include telemarketing of products and services and market research for companies in various other industries. The Group's strengths lie in its extensive management experience and know-how in the operation of CRM service centres. At present, the customers of the Group are primarily established telecommunications service providers mainly in Hong Kong, Macau and the PRC, for example, Hutchison Telecommunications, Hutchison Global, and China Unicom Guangdong. For the two years ended 31 December 2006 and the five months ended 31 May 2007, turnover from telecommunications service providers accounted for approximately 96.14%, 99.60% and 95.35% of the Group's turnover respectively.

Services offered by the Group are classified into two categories, namely inbound services and outbound services, which accounted for approximately 71.89% and 28.11% of the Group's turnover for the year ended 31 December 2005, approximately 68.94% and 31.06% of the Group's turnover for the year ended 31 December 2006 and approximately 56.90% and 43.10% of the Group's turnover for the five months ended 31 May 2007 respectively. Inbound services mainly refer to the provision of customer service hotlines on behalf of the Group's customers and the provision of BIS services to subscribers of the Group's telecommunications customers. For outbound services, the Group mainly conducts telesales and market research on behalf of its customers.

As at the Latest Practicable Date, the Group operated three CRM service centres in Guangzhou, the PRC with a total seating capacity of approximately 4,100 seats, making it one of the largest CRM outsourcing service providers in the PRC in terms of seating capacity. The Group's CRM service centres are strategically located in Guangzhou where the Group has access to a vast pool of Mandarin, Cantonese and English speakers from which the Group can recruit its workforce to fulfill language and other requirements of its customers. The Group had about 3,905 CRM service centre operators in total as at the Latest Practicable Date to support the operation of the three CRM service centres. Comprehensive training programmes are provided to operators to ensure the service quality of the Group.

The Group's services have been accredited with a number of awards and recognitions during the Track Record Period. In June 2005, the Group was awarded the "Best Outsourcing Call Centre (Guangdong) 2004 – 2005 (廣東省最佳外包呼叫中心獎 2004-2005)" award by the Guangdong Information Industry Association Customer Service Professional Committee (廣東省信息協會客戶服務專業委員會). Moreover, in July 2006, the Group was accredited with the "Best Outsourcing Call Centre in China 2005 – 2006 (中國最佳外包呼叫中心獎 2005-2006)" award by China Best Customer Service Appraisal Committee (中國最佳客戶服務評選組委會). The Group was again awarded with the same award in July 2007, for the year 2006 – 2007. In September 2007, the Group was accredited with the "“Ten Years of China Call Center” Industry Development Contribution Award (中國呼叫中心十年 產業發展傑出成就獎)" by the China Call Center & Customer Relations Management Association (中國電子商會呼叫中心與客戶關係管理專業委員會), the Call Center Occupational Standards Committee of the Ministry of Information Industry (中國信息產業部呼叫中心標準指導委員會) and CCM World. One of the prerequisites for any candidate intending to participate in the "Best Outsourcing Call Centre in China" award is that it should have a seating capacity of over 200 seats. As the seating capacity is a prerequisite and an important criterion for evaluation in the competition and the Group is

far beyond the threshold set by the awarding organization, the Directors are of the view that the award suggests that the Group is one of the largest CRM outsourcing service providers in the PRC in terms of seating capacity.

During the Track Record Period, the total turnover of the Group increased from approximately HK\$83.43 million in 2005 to approximately HK\$149.86 million in 2006, representing an annual growth rate of approximately 79.62%. The Group's turnover for the five months ended 31 May 2007 was approximately HK\$74.92 million. In addition, the net profit increased from approximately HK\$1.74 million in 2005 to approximately HK\$36.67 million in 2006, representing an annual growth rate of approximately 2,007.47%. The net profit of the Group for the five months ended 31 May 2007 was approximately HK\$16.82 million.

The Directors believe that the Group will benefit from the anticipated growth in the demand of CRM outsourcing services from companies in the telecommunications industry, as well as other service-oriented industries. The Directors expect to leverage on the Group's leading position in the PRC market to increase its market share in the PRC and capture new market opportunities if identified.

COMPETITIVE ADVANTAGES

The Directors believe that the success of the Group is attributable to the following competitive advantages:

Economies of scale

The Group's total seating capacity of approximately 4,100 seats secures its leading position in the PRC. With the current scale of its CRM service centre operations, the Group is competitive among other CRM outsourcing services providers in Hong Kong, Macau and the PRC.

The Group achieves economies of scale by superior efficiency and fluidity of service. The Group employs a proprietary system that optimises the diversion of calls in queue to the next available operator, thereby minimises the caller's waiting time and maximizes the quantity of calls processed without compromising the Group's quality of service. Such economies of scale contribute to lower cost of operation, which in turn gives the Group competitive edge in the telecommunications service industry through competitive price structure.

Trilingual capability in the provision of services

As a provider of CRM outsourcing services to major companies in Hong Kong, Macau and the PRC, it is essential for the Group's operators to possess trilingual capabilities, namely Cantonese, Mandarin and English. As such, Guangdong Province is the appropriate choice for recruiting operators who command fluent Cantonese and Mandarin, as there is a large population who fulfills this language requirement. The Directors believe that the Group's CRM outsourcing service centres in the Guangdong Province place the Group in a uniquely advantageous position which cannot be easily challenged by other competitors in the industry operating in other provinces in the PRC.

In addition to the geographic advantage over its competitors that can offer services in only one of the dominant Chinese dialects, the Group has through careful investment and time nurtured a team of operators who is able to provide services in English to cater for those customers who require such capabilities, and add value to other customers to whom such facility might be optional. The Directors thus believe that the Group's position as one of the leaders in providing CRM outsourcing services, especially to telecommunications service providers will continue to persist.

Experienced management team

The Group's experienced management team consists of members of high calibre and qualifications. For details of the Group's management team, please refer to the section headed "Directors, Senior Management and Staff" of this prospectus. This ensures the smooth and continual running of the Group's operations and gives the Group a competitive edge over its competitors, by effectively, maintaining the Group's goodwill and reputation. The established reputation of the Group and the management team will continue to attract new customers while retaining old customers.

Solid client base

A solid client base is one of the crucial requirements to maintaining the Group's competitive advantages in the CRM outsourcing service industry. The Group currently provides CRM outsourcing services mainly to leading telecommunications service providers in Hong Kong, Macau and the PRC including Hutchison Telecommunications, Hutchison Global, China Unicom Guangdong, PCCW Mobile etc. Details of major agreements entered into between the Group and its customers are set out in the section headed "History and Development and Statement of Active Business Pursuits" of this prospectus. Through a constant awareness of their customers' needs and the provision of high quality CRM outsourcing services that caters for their objectives, the Group has fostered long-term and mutually supportive business relationships with these telecommunications service providers. Not only do these business relationships secure the Group's existing clients, but it also leads to new clientele expansion opportunities.

Expansion of clientele

During the Track Record Period, the Group has also provided CRM outsourcing services to non-telecommunications customers, including, but not limited to, customers from the travel agency, insurance, and retail industries. The Directors believe that as outsourcing of CRM services becomes an increasingly popular solution to businesses in non-telecommunications industries, a whole new dimension of business opportunities will arise.

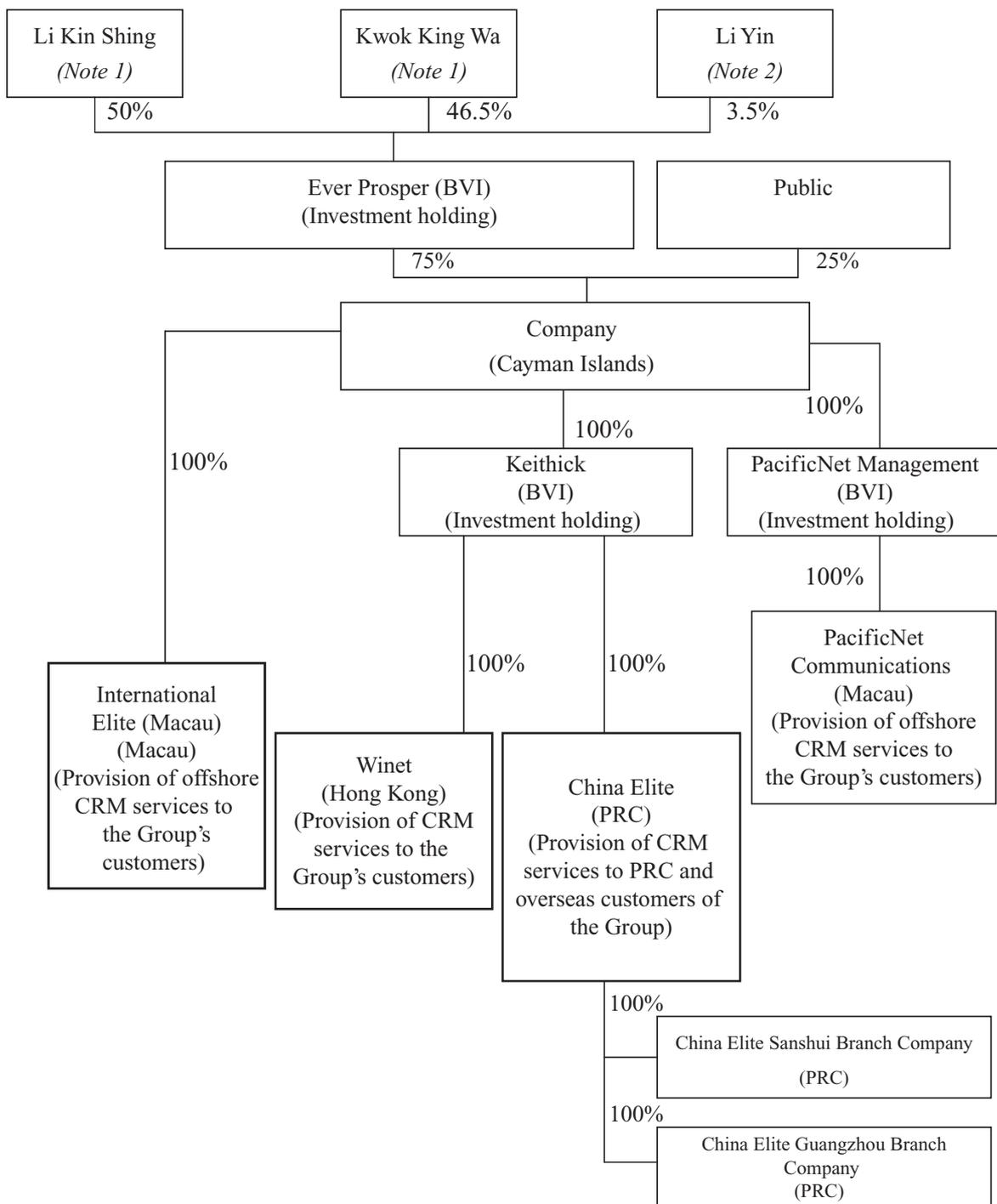
Quality services and strong research and development capability

The Directors believe that emphasis on quality control of the Group's services, and continuous effort to keep abreast of the latest market trend and technological development, has strengthened the Group's competitiveness in the industry.

The Group's research and development department develops tailor-made software systems for the operation of CRM service centres to enhance efficiency and supporting the needs and requirements of its customers. Details of the Group's existing systems are set out in the paragraph headed "Research and Development" under the section headed "Business" of this prospectus.

GROUP STRUCTURE

The following chart shows the Group's corporate and shareholding structure immediately following the completion of the Placing and the Capitalisation Issue, assuming no exercise of the Over-allotment Option and the Pre-IPO Share Options and taking into no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme, and the place of incorporation of each of the subsidiaries of the Group:



Notes:

- (1) Mr. Li Kin Shing and Ms. Kwok King Wa are executive Directors. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing.
- (2) Ms. Li Yin, an executive Director, is Mr. Li Kin Shing's sister.

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SERVICES

Services provided by the Group are classified into: inbound services and outbound services, contribution of which to the Group's turnover is set out below:

	For the year ended 31 December		For the five months ended 31 May
	2005	2006	2007
	HK\$ million	HK\$ million	HK\$ million
Inbound service	59.98	103.31	42.63
Outbound service	23.45	46.55	32.29
	<u>83.43</u>	<u>149.86</u>	<u>74.92</u>

A significant proportion of the Group's turnover were derived from customers in Hong Kong and the PRC which amounted to an aggregate of approximately 98.28%, 97.70% and 97.17% of the Group's total turnover for the two years ended 31 December 2006 and the five months ended 31 May 2007 respectively.

For the two years ended 31 December 2006 and the five months ended 31 May 2007, the Group's customers from the telecommunications industry accounted for a total of approximately 96.14%, 99.60% and 95.35% of the Group's total turnover respectively.

Inbound services

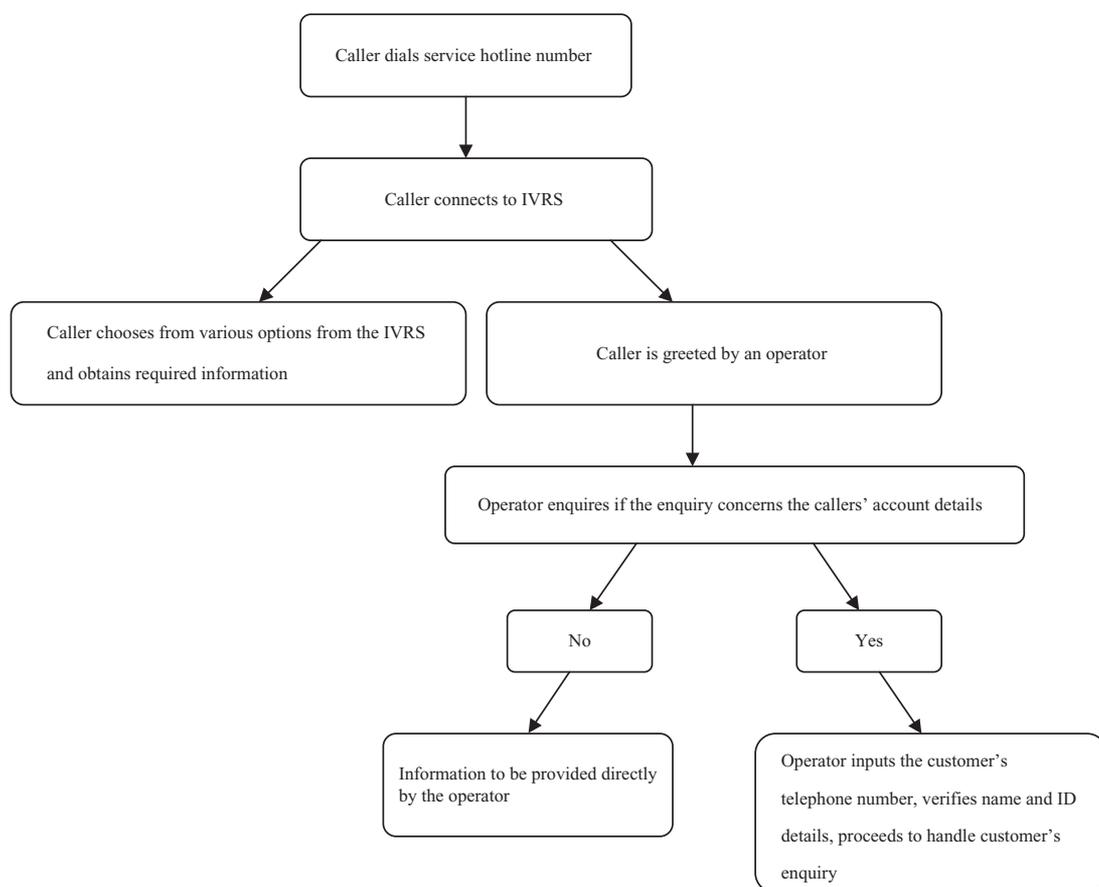
Inbound services offered by the Group are mainly divided into two categories, (i) customer service hotlines; and (ii) BIS services.

i) Customer Service Hotlines

The Group currently provides inbound services to customers which include, among others, major telecommunications service providers, retailers and travel agencies in Hong Kong, the PRC and Macau. The Group provides customer service hotlines outsourcing services in three languages, namely, Cantonese, Mandarin and English. Appropriate operators are assigned to handle calls in the language selected by the caller. Services offered by the customer service hotlines of telecommunications service providers are typically classified into sub-categories including general enquiry, technical support for handsets, broadband connection arrangement, service installation, account activation, subscriber details update including addresses and other personal details, account enquiry and account termination. With a view to increasing efficiency, the Group has separate teams to handle each of these enquiries as the knowledge and skills required for each team are different. Records of all calls are stored in a database so that the system will have the call history of that particular subscriber. This facilitates the Group to provide a better service to subscribers in subsequent calls.

The Group's turnover from the provision of customer service hotlines is derived from (i) the number of seats designated to a specific customer times a fixed rate, both of which are mutually agreed between the customer and the Group in advance; (ii) the number of incoming calls times a fixed rate, which is mutually agreed between the customers and the Group in advance; and (iii) the number of calls received over a regular period times a fixed rate, which is mutually agreed between the customer and the Group in accordance with the agreements entered into between the two parties. Besides, some of the Group's agreements with its customers contain payment terms pursuant to which the Group will be reimbursed for installation charges and monthly rental in respect of telephone services and also actual expenditures for engaging operators to perform the required services.

The process flow of the Group's inbound customer hotline services is illustrated by the diagram below.



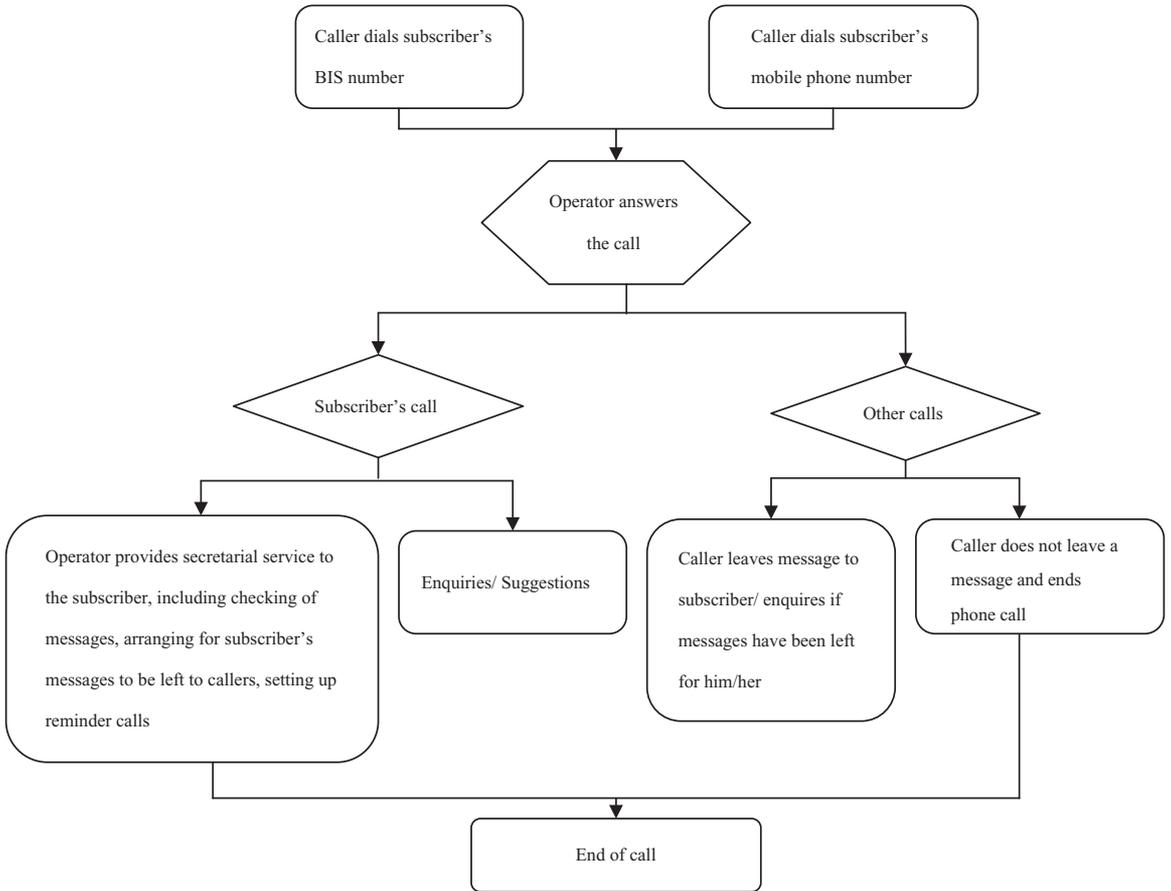
(ii) BIS services

The Group provides BIS services to telecommunications service providers. BIS service is a personalised message taking service. Phone calls made to the subscribers of the BIS services are redirected to the Group's CRM service centres and answered by operators of the Group when the subscribers are unable to answer the calls. The operators will note down the messages and then send the messages to the subscriber's mobile phones via SMS. On the other hand, the subscriber may call the Group's CRM service centres to check and leave messages, and give instructions to the operator for setting up reminder services. The BIS service avoids the need for a pager as all messages can be transmitted directly to the mobile phones of the subscribers.

The Group's turnover from the provision of BIS services is derived from (i) the number of BIS service subscribers of a particular customer times a fixed rate, which is mutually agreed between the customer and the Group in advance; and (ii) the number of seats designated to a specific customer times a fixed rate, both of which are mutually agreed between the customer and the Group in advance.

In addition, the Group's turnover will also be derived by the number of calls received over a regular period times a pre-determined range of rates, which depends on the volume of calls actually received in that particular period and is mutually agreed between the customer and the Group in accordance with the agreements entered into between the two parties.

The flow chart below illustrates the steps involved in the provision of BIS service.



Outbound services

Outbound services mainly fall under two categories: (i) telesales; and (ii) market research.

i) Telesales

Through telesales services, the Group promotes products and services of the Group's customers to their respective potential and existing subscribers via unsolicited phone calls (cold calling). Separate teams are assigned to handle different projects for each of the Group's customers.

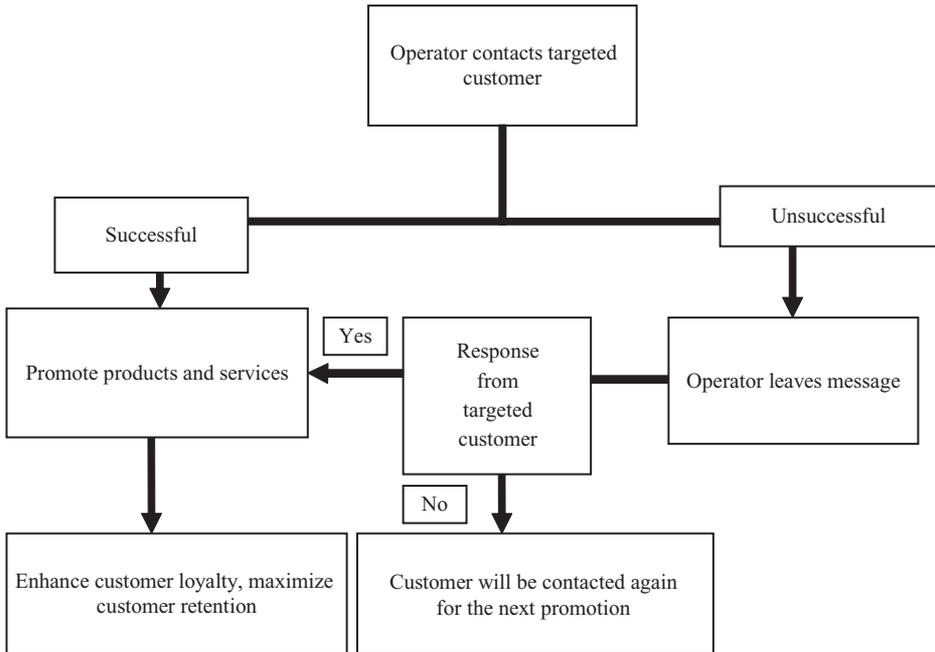
The Group is supplied with a list of telephone numbers by its customers, which is then allocated to the operators through an auto number distribution system called "Auto-dialer system", details of which are described in the paragraph headed "Research and development" in this section. In addition, the Auto-dialer system provides operators with random telephone numbers, which are used by the operators to locate potential subscribers. Once successfully connected to a potential subscriber, the operator's role is to promote the particular services and products as requested by the Group's customers during that particular period. The product promotions for the Group's telecommunications customers may include but are not limited to value-added services, latest handsets, tariff plans, IDD packages, SMS packages, ringtones, broadband services, residential and commercial fixed lines. When an order is successfully made, relevant details are logged onto the system and products/services are then dispatched/offered to new subscribers/end users.

In addition to attracting new subscribers, the Group also provides services to its customers in retaining existing subscribers before the expiry of their subscription contracts. New or privileged services and products are recommended to these existing subscribers in an attempt to retain and extend their subscriptions. A database is provided by the Group's customers to enable the operators to contact their existing subscribers. The auto-dialer system is also utilised to enhance efficiency.

The Group's turnover from telesales is derived from (i) the number of successful orders/deals for specific products and/or services marketed, times a fixed rate, which is mutually agreed under the terms of their respective agreements between the customer and the Group in advance; and (ii) the number of seats designated to the specific customer times a fixed rate, both of which are mutually agreed under the terms of their respective agreements between the customer and the Group in advance. In addition to service fees in respect of telesales services, some of the Group's agreements with its customers contain payment terms pursuant to which the Group will be reimbursed for installation charges and monthly rental in respect of telephone services and also actual expenditures for engaging operators to perform the required services.

In respect of some products and/or services successfully marketed, the Group will only be entitled to a service fee if the subscriptions are maintained by the subscribers for a specific period of time, as specified in the relevant contracts entered into between the parties. If a subscriber terminates its subscription within the specific period of time, the Group's service fees and/or commission may be clawed back by the Group's customers.

The diagram below illustrates the major steps taken by operators in telesales activities:



The Group currently provides services to various major telecommunications service providers. To maintain and preserve confidentiality of subscribers' data, the Group ensures that separate teams of operators are assigned to provide services to each of these telecommunications service providers. The Group has implemented internal control procedures to safeguard confidential data, including (1) restricted physical access to the designated working areas; (2) prohibited use of information storage devices; and (3) non-disclosure and confidentiality agreements with the Group's employees. The

subscribers of these telecommunications service providers can therefore enjoy the high quality services of the Group's operators who are familiar with the products and services of that particular telecommunications service provider. The Directors are not aware of any claim, actions or proceedings taken against the Group for leakage of subscriber's personal data by the Group to third parties.

(i) Market research

The Group also conducts surveys over the phone efficiently collecting data including feedback on services and products, suggestions and potential complaints for the Group's customers. The Group's customers can then assess consumers' responses to their services and products for future improvement and enhance customer relationship by utilising the data collected by the Group.

The Group's turnover from market research is derived from (i) the number of seats designated to the specific customer, times a fixed rate, both of which are mutually agreed between the customer and the Group in advance; (ii) the number of research successfully conducted by the operators, times a fixed rate, which is mutually agreed between the customer and the Group in advance; and (iii) the number of calls successfully connected, time a fixed rate, which is mutually agreed between the customer and the Group in advance.

AWARDS AND CERTIFICATIONS

In the past, the Group received numerous awards and certifications from various institutions for recognition of the effective management and high quality services provided by the Group. Set out below are the principal awards and certifications obtained by the Group:

<u>Date</u>	<u>Awards and certifications</u>	<u>Awarding Institution(s)</u>
December 2004	ISO 9001:2000 certificate number 1604-2004-AQ-RGC-RUA (for provision of CRM services including market research marketing and after sales service)	Det Norske Veritas
June 2005	Best Outsourcing Call Centre (Guangdong) 2004-2005 (廣東省最佳外包呼叫中心獎 2004-2005) Award	Guangdong Information Industry Association Customer Service Professional Committee (廣東省信息協會客戶服務專業委員會)
July 2006	Best Outsourcing Call Centre in China 2005-2006 (中國最佳外包呼叫中心獎 2005-2006) Award	China's Best Customer Service Appraisal Committee (中國最佳客戶服務評選組委會)
July 2007	Best Outsourcing Call Centre in China 2006-2007 (中國最佳外包呼叫中心獎 2006-2007) Award	China's Best Customer Service Appraisal Committee (中國最佳客戶服務評選組委會)
September 2007	"Ten Years of China Call Center" Industry Development Contribution Award ("中國呼叫中心十年" 產業發展傑出成就獎)	China Call Center & Customer Relations Management Association (中國電子商會呼叫中心與客戶關係管理專業委員會), the Call Center Occupational Standards Committee of the Ministry of Information Industry (中國信息產業部呼叫中心標準指導委員會) and CCM World

The Group was awarded the "Best Outsourcing Call Centre in China" for the two consecutive years from 2006 to 2007 by China's Best Customer Service Appraisal Committee. According to the Directors, the awarding institution will assess the eligibility for the award with reference to the following assessment criteria:

- outstanding contribution in the CRM industry
- a model/leader in the industry

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- highly appreciated by corporate and individual customers

The companies should also have, among others, the following pre-requisites:

- a seating capacity of over 200 workstations
- significant achievement in developing ultimate client relationship for its immediate customers
- high level of customer satisfaction
- good reputation among the industry
- good quality of service, working environment and process flow
- internal control policies and strategies
- significant growth in a number of outsourcing projects

SEATING CAPACITY

The maximum seating capacity of the Group's CRM service centres was approximately 2,900 seats, 4,100 seats and 4,100 seats respectively as at 31 December 2005, 31 December 2006 and 31 May 2007.

In assessing the utilisation rate of the seating capacity, the Directors have made the following assumptions:

- Seats of the Group can generally be divided into two categories, namely 1) dedicated seats; and 2) shared seats. Dedicated seats are workstations that are either rented on a seat basis or cannot be shared for contractual reason or otherwise. Shared seats are mainly outbound stations that can be used for multiple projects. A seat is by default considered a shared seat unless assigned to a specific project;
- A dedicated seat that is in use is considered as fully utilised by its nature;
- A shared seat, on the other hand, has a utilisation rate that is based on the number of operators assigned to it; and
- Operator to seat ratio of dedicated seats at each period end has been used as a proxy to estimate the number of operators required for shared seats at the respective period end.

Based on the above assumptions, the Group's CRM service centres had the following utilisation rates as at 31 December 2005, 31 December 2006 and 31 May 2007 respectively:

	<u>Overall</u>	<u>Dedicated seats</u>	<u>Shared seats</u>
31 December 2005	80%	100%	63%
31 December 2006	72%	100%	54%
31 May 2007	81%	100%	65%

The decrease in utilisation rate as at 31 December 2006 was mainly due to the increase in seating capacity from 2,900 seats to 4,100 seats in November 2006 as a result of the commencement of operation of the Group's third CRM service centre at Qiaoli Premises.

QUALITY CONTROL

The Directors believe that the provision of quality services is one of the key factors attributing to the Group's success. To maintain the high standard among the Group's operations and in accordance with ISO requirements, the Group has developed a set of rules and regulations for each department which should be closely followed by the respective departments and strictly enforced by the management level. The Group intends to achieve the following service standards through its continuous improvement of service quality:

- customer satisfaction rate: above 95%
- rate of answered calls: above 95%
- customer complaint rate: below 0.05%

The Group did not conduct any statistics and research on customer satisfaction level during the Track Record Period. However, in order to better understand the needs of the Group's customers, the Group plans to perform annual surveys by distributing customer satisfaction questionnaires to the Group's customers for each project handled by the Group.

The basis of determination for various rates are as follow:

- Customer satisfaction rate: total number of scores given by customers/full scores
- Rate of answered calls: number of incoming calls actually answered/total number of incoming calls
- Customer complaint rate: number of complaints received/total number of calls possessed

If the actual rates achieved are lower than expected, the Group will immediately investigate its cause and formulate strategy for remedial actions to improve its service quality and follow up regularly with customers to monitor the quality of service until the intended service standard rates are met.

The quality control measures implemented by the Group mainly include (i) orientation training before operators are formally on duty; (ii) continuous training during their services period; (iii) auto-dialer speed adjustment; and (iv) call monitoring.

For details of staff training, please see the paragraph headed "Human Resources" of this section. To maintain the Group's standard of services, the operators are required to answer incoming calls within thirty seconds. During the Track Record Period, the Group was able to answer on average 99.7% of all incoming calls, with 89.3% of those calls being answered within thirty seconds. For BIS services, the Group has achieved an average answering rate of approximately 96.2% within thirty seconds during the Track Record Period.

To ensure that the calls are made and answered efficiently and effectively, the Group has developed its own auto-dialer system and call monitoring system. For details of these two systems, please see the paragraph headed "Research and Development" of this section. Through the monitoring system, the supervisors can monitor the activities of operators as well as their standard of services including their availability, conversation manner, sense of responsibility, language ability, specialist knowledge and skills and the quality assurance team will take appropriate action as necessary to improve the operation of CRM service centres, for example adjusting the speed of the auto-dialer system in accordance with the availability of the operators. Hence, the Group can achieve optimal staffing and service level throughout its operation while at the same time maintaining its service standards.

As at the Latest Practicable Date, the ratio of the Group's supervisor to operators is about 1 to 10.

In addition, all phone calls are recorded and stored in the system for future review if necessary. The quality assurance team will randomly select phone call records from the system for quality control purposes. On average, every operator will have four calls being monitored every month by the quality assurance team.

During the Track Record Period, the Directors are not aware of any significant customer complaint of the services provided by its operators nor are they aware of any complaints from the Group's immediate customers against the work done by the Group on behalf of its immediate customers.

SYSTEM INFRASTRUCTURE

As a provider of CRM outsourcing services to companies, including telecommunications service providers, the telecommunications infrastructure and operating system used by the Group is paramount to the Group's business. The Group utilises the US designed EXCEL switchboard for its server exchange system to support its operation systems. The Group's provision of daily CRM services are mainly implemented and supported by the use of computer telephony integrated systems including the ACD system, IVR system in collaboration with operators.

ACD

The ACD system functions by combining various incoming calls from different channels into one system for distribution to the appropriate operator and/or system. The various functions of the ACD system include managing calls by allocating them into a queue, controlling call traffic, transferring of calls and conference calling. By identifying and allocating calls in the queue to idle/available operators, the ACD system effectively manages the volume of calls handled by each operator, ensuring a fair distribution of calls and reduces the waiting time for callers. The ACD system allocates its calls to operators mainly via the following ways:

- according to the number dialled by the callers i.e. hotline for technical support or customer services
- according to the choice of service chosen by the caller through the IVRS
- by prioritising privileged customers by matching the caller's number with details in the database

IVRS

IVRS plays an important part in the Group's daily operation of CRM service centres by managing and broadcasting pre-recorded information, using its interactive question and answer system to handle caller's enquiries, allowing callers to handle multiple enquiries in one phone call, redirecting calls to the appropriate operator, sorting categories of callers to ensure privileged callers are dealt with within minimal time and handled by more experienced operators.

Database Server

The Group currently uses a database server which stores and backs up information and data of the Group including particulars of operators and callers, reports and statistics. With the current speed and size of the server used by the Group, it only takes approximately 30 milliseconds to retrieve data from the server which can store up to 1,000,000 entries.

Repair and Maintenance

Maintenance and repair is crucial to the Group's business to ensure the smooth running of the Group's daily operations. As at the Latest Practicable Date, the Group's repair and maintenance department has a total of 18 employees to handle the repair and maintenance functions of the Group's operations.

The repair and maintenance department conducts daily routine checks of the systems of operation departments. When system failures or errors occur, the repair and maintenance department generally aims to fix the problem within ten minutes. The failures are classified into four grades:

- Grade A complete breakdown of the Group's systems
- Grade B partial breakdown of the Group's systems
- Grade C breakdown of one service/system only
- Grade D breakdown of one terminal / computer

In the case of system failures falling under the Grades A, B and C categories, the on duty staff will attend to the problem within five minutes from receiving the report of failure and aim to repair the system within fifteen minutes. A failure report detailing the failure must be circulated to all departments and person concerned if the failure cannot be fixed within fifteen minutes.

In the unlikely situation of a Grade A failure occurring which cannot be fixed within the set time, i.e. fifteen minutes, the Group's CRM service centre at Qiaoli Premises acts as an emergency back-up, capable of handling 30% of the calls diverted from the Group's other CRM service centres.

During the Track Record Period, the Group has been able to maintain a stable and smooth running of the operating systems and has not experienced Grade A failure, and the Group has not experienced any system failure that would require the activation of the emergency back-up system at Qiaoli Premises since its commencement of operation in November 2006.

Monitoring of the Group's services

Operators' seats are categorised according to the seniority and job responsibilities of the operators. Whereas junior operators use the ACD system, team leaders and supervisors are assigned seats which enable them to monitor overall operations and call traffic of the junior operators.

Voice logged records and reports are provided by the Group to its customers on a regular basis so that the customers can monitor the Group's services and decide whether specific quality requirements are met.

Major customers of the Group may occasionally second a small number of their management staff to station at the CRM service centres of the Group to oversee the operations.

CUSTOMERS**Customer base**

The Group has a strong customer base with a majority of its customers being well known and established listed companies in Hong Kong and the PRC and a broad range of industries including telecommunications, financial services, travel agency, retail and market research. For the Track Record Period and as at the Latest Practicable Date, the Group's major customers are telecommunications

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service providers including Hutchison Telecommunications, Hutchison Global, PCCW Mobile, China Unicom Guangdong and TDL. Turnover from telecommunication service providers accounted for approximately 96.14%, 99.60% and 95.35% respectively of the Group's total turnover for the two years ended 31 December 2006 and the five months ended 31 May 2007.

The followings illustrate the number of Group's customers for inbound and outbound services for each of the two years ended 31 December 2006 and the five months ended 31 May 2007:

	For the year ended 31 December		For the five months ended 31 May
	2005	2006	2007
Inbound	30	30	15
Outbound	6	7	12

In 2005 and 2006, as part of the expansion plan, the Group explored certain new customers with relatively smaller business size. However, due to the limitation in business size and working capital, it is not uncommon for those small scale customers to change their CRM outsourcing policies regularly in order to accommodate their business development. Therefore, there is a decrease in the number of customers requiring inbound services in the five months ended 31 May 2007, all of them being small scale customers. As a result, the Directors are not aware of any significant adverse impact on the Group's business due to the decrease in the number of customers requiring inbound services.

On the other hand, as the gross profit margin of outbound services is relatively higher, the Group has gradually put more effort in developing business with customers for outbound services. Therefore, the Group has entered into more new telesales agreements at the end of 2006 and during the five months ended 31 May 2007. As a result, the number of such customers of the Group increased in the five months ended 31 May 2007.

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A summary of major service agreements signed with major customers during the Track Record Period and up to the Latest Practicable Date is set out below:

Name of major customers	Services provided	Provision of services provided by the Group to the customers on an exclusive basis/country <i>Note 1</i>	Commencement date	Duration of service agreement
Hutchison Global <i>(Note 2)</i>	Inbound telephone enquiries for residential and business fixed line and broadband services, telesales for IDD services	Yes/Hong Kong <i>(Note 5)</i>	3 January 2005	1 year plus automatic extension of 2 years
Hutchison Telecommunications (and Hutchison Macau) <i>(Notes 3, 4)</i>	Inbound 24 hours customer services enquiry, inbound/outbound telemarketing services, 24 hours paging services hotline, order entry services	Yes/Hong Kong and Macau <i>(Note 6)</i>	8 April 2005	5 years plus automatic extension of 5 years, unless otherwise terminated in accordance with the relevant provisions of the agreement
Hutchison Global <i>(Note 3)</i>	Inbound customer services enquiries and outbound telesales	Yes/Hong Kong and Macau <i>(Note 5)</i>	30 April 2005	5 years plus automatic extension of 5 years, unless otherwise terminated in accordance with the relevant provisions of the agreement
Hutchison Telecommunications	BIS services	No	20 May 2005	3 years plus successive periods of one year unless terminated in accordance with the relevant provision of the agreement
China Unicom Guangdong	Inbound and outbound services and Chinese secretarial services	No	1 August 2005	5 years
China Unicom Macau Limited	Inbound 24 hours customer services hotlines	No	18 October 2005	1 year
PCCW Mobile	BIS services	No	27 December 2005	3 years
Hutchison Macau	Telesales	No	1 March 2007	1 year

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Notes:

- (1) *Exclusive clause here represents services provided by the Group to these customers on an exclusive basis, meaning the Group cannot provide services to competitors of these customers unless i) with the prior consent of these customers; or ii) the competitors were disclosed as existing customers of the Group at the time of entering into these agreements.*
- (2) *A subsidiary of HTIL.*
- (3) *Letters of credit have been given by the Group in favour of Hutchison Global and Hutchison Telecommunications, each in the amount of HK\$10 million as a condition precedent to these agreements.*
- (4) *As security to secure the performance of the Group's obligations under this agreement, Mr. Li Kin Shing, an Initial Management Shareholder and a Controlling Shareholder, mortgaged his own property in favour of Hutchison Telecommunications. For further details in relation to the property, please see the paragraph headed "Non-exempt continuing connected transactions" in the section headed "Relationship with the shareholders of the Company and non-competition undertaking" of this prospectus. The property has since been released and replaced with two further letters of credit each in the amount of HK\$10 million issued and to be issued by the Group in favour of Hutchison Telecommunications.*
- (5) *The Group has undertaken not to enter into any contract, arrangement or understanding with any fixed network operator or any other fixed telecommunications service provider in Hong Kong or Macau for the provision of same or similar services which are provided to Hutchison Global during the duration of the agreement, except for customers which have been disclosed to Hutchison Global or prior written consent has been given.*
- (6) *The Group has undertaken not to enter into any contract, arrangement or understanding with any mobile network operator, mobile virtual network operator or any other mobile telecommunications service provider in Hong Kong or Macau for the provision of same or similar services which are provided to Hutchison Telecommunications during the duration of the agreement, except for customers which have been disclosed to Hutchison Telecommunications or prior written consent has been given.*

The Group's sales to its top five customers on group basis accounted for approximately 95.20%, 99.33% and 95.36% respectively of the Group's total turnover for the two years ended 31 December 2006 and the five months ended 31 May 2007. Besides, approximately 54.26%, 69.81% and 71.12% respectively of the Group's total turnover for the two years ended 31 December 2006 and the five months ended 31 May 2007 was derived by the Group's largest customer group.

For the two years ended 31 December 2006 and the five months ended 31 May 2007, the Group's sales to Elitel Group was approximately HK\$1.44 million, HK\$4.81 million and HK\$4.42 million respectively, representing approximately 1.73%, 3.21% and 5.89% of the Group's turnover in the respective period. Elitel Group was one of the Group's five largest customers during the Track Record Period. As Elitel Group is owned as to 50% respectively by Mr. Li Kin Shing and Ms. Kwok King Wa, Elitel Group is a connected person of the Company in accordance with the GEM Listing Rules. Elitel, together with two of its wholly owned subsidiaries namely China-HK Telecom and Directel HK, is principally engaged in the provision of one card multiple number services through the bundling and repackaging of services of some mobile network operators, in particular the integration of two or more phone numbers in different territories. China-HK Telecom is a registered mobile virtual network operator licensee under the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong). As at 31 December 2006, Elitel Group had a total subscriber size (including both postpaid subscribers and prepaid subscribers) of approximately 50,000 subscribers.

For the two years ended 31 December 2006 and the five months ended 31 May 2007, the Group's sales to related parties was approximately HK\$2.33 million, HK\$5.07 million and HK\$4.44 million respectively.

Save as above, none of the Directors, the substantial Shareholders or the Initial Management Shareholders or any Shareholders (who to the knowledge of the Directors own more than 5% of the issued share capital of the Company) immediately following completion of the Placing and the Capitalisation Issue or their respective associates, had any interests in any of the Group's five largest customers during the Track Record Period.

In order to reduce reliance on the telecommunications industry, the Group plans to gradually extend its services to other business sectors. Currently, the Group manages inbound customer service

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hotlines for a leading retail supermarket chain in Hong Kong and also assists in promoting insurance products through referring customers to the insurance company's customer service hotlines. For the two years ended 31 December 2005 and 2006 and the five months ended 31 May 2007, the turnover generated by the Group in respect of services provided to non-telecommunications customers was approximately HK\$3.22 million, HK\$0.60 million and HK\$3.48 million, accounting for approximately 3.86%, 0.40% and 4.65% of the Group's total turnover for the respective years.

Payment terms

Payments made by the customers are made in Hong Kong dollars, Renminbi and US dollars. For the year ended 31 December 2005, approximately 94.10%, 5.90% and nil of the Group's turnover was settled in Hong Kong dollars, Renminbi and US dollars respectively. For the year ended 31 December 2006, approximately 90.08%, 9.92% and nil of the Group's turnover was settled in Hong Kong dollars, Renminbi and US dollars respectively. For the five months ended 31 May 2007, approximately 90.19%, 9.80% and 0.01% of the Group's turnover was settled in Hong Kong dollars, Renminbi and US dollars respectively.

According to the contracts entered into between the Group and its customers, payments in respect of the Group's provision of services are made on an open account with credit terms ranging from 15 to 30 days. Subject to negotiation, credit terms could be extended to three to six months for certain customers with well-established trading and payment records on a case-by-case basis. The Group generally gives credit terms to its customers based on certain criteria, such as the length of business relationship with the customers and the customer's payment history, background and financial strength. The Group reviews the settlement records of its customers on a regular basis to determine their credit terms. In general, payments are made by cheques and telegraphic transfers.

The Group's overall debtors' turnover days (average trade receivables/turnover x 365 days) were approximately 72.28 days, 72.51 days and 78.88 days for the two years ended 31 December 2006 and the five months ended 31 May 2007 respectively, which were higher than the credit terms as stated in the contracts. Since the major customers of the Group are large scale telecommunications operators in Hong Kong and the PRC, the internal procedures for settling the Group's bills are relatively more complicated and therefore take a relatively longer time for settlement. Instead of settling the bills before the due date, it is common for these large sized telecommunications operators to settle the bills about 1.5 to 2 months after the invoice dates. Therefore, the majority of the Group's trade receivables balance was aged within 3 months. In consideration of the creditability of the Group's customers, the Group has elected to extend the credit terms accordingly. The practice of settlement within 3 months is considered acceptable under this condition. The Directors confirm that the Group did not experience any significant difficulty in collecting debts from its customers during the Track Record Period.

SUPPLIERS

The Group rents international private telephone lines and purchases facilities, equipment, computer hardwares, softwares and accessories from its suppliers. For each of the two financial years ended 31 December 2006 and the five months ended 31 May 2007, the Group's top five suppliers on group basis for the respective years/period accounted for approximately 43.91%, 43.77% and 66.33% of the Group's total purchases; whereas the purchases from the Group's largest supplier on group basis attributed to approximately 11.23%, 13.64% and 30.48% respectively of the total purchases.

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None of the Directors, the substantial Shareholders or the Initial Management Shareholders or any Shareholders (who to the knowledge of the Directors own more than 5% of the issued share capital of the Company) immediately following the completion of the Placing and the Capitalisation Issue or their respective associates had any interest in any of the Group's top five suppliers during the Track Record Period.

Payments made by the Group for settlement of purchases with suppliers are made in Hong Kong dollars, Renminbi and MOP. For the financial year ended 31 December 2005, approximately 41.36%, 58.64% and nil of the Group's total purchases were settled in Hong Kong dollars, Renminbi and MOP respectively. For the financial year ended 31 December 2006, approximately 40.51%, 59.49% and nil of the Group's total purchases were settled in Hong Kong dollars, Renminbi and MOP respectively. For the five months ended 31 May 2007, approximately 57.45%, 42.5% and 0.05% of the Group's total purchases were settled in Hong Kong dollars, Renminbi and MOP respectively.

In general, purchases are made in cash on delivery or on an open account with a credit period of up to 90 days which will be settled by cheques or by telegraphic transfer. During the Track Record Period, the Directors were not aware of the Group having any difficulty in sourcing equipment or telephone lines required for its operation.

SALES AND MARKETING

Sales

The Group mainly provides inbound and outbound CRM services to its customers in Hong Kong, Macau and the PRC. The table below sets out the analysis of the Group's turnover by business segment for the two years ended 31 December 2006 and the five months ended 31 May 2007:

	Year ended 31 December				Five months ended 31 May	
	2005		2006		2007	
	HK\$ million	%	HK\$ million	%	HK\$ million	%
Inbound	59.98	71.89	103.31	68.94	42.63	56.90
Outbound	23.45	28.11	46.55	31.06	32.29	43.10
Total	<u>83.43</u>	<u>100</u>	<u>149.86</u>	<u>100</u>	<u>74.92</u>	<u>100</u>

The table below sets out the analysis of the Group's turnover by geographical locations of its customers for the two years ended 31 December 2006 and the five months ended 31 May 2007:

	Year ended 31 December				Five months ended 31 May	
	2005		2006		2007	
	HK\$ million	%	HK\$ million	%	HK\$ million	%
Hong Kong	77.07	92.38	131.54	87.78	65.46	87.37
PRC	4.92	5.90	14.87	9.92	7.34	9.80
Macau	1.44	1.72	3.45	2.30	2.12	2.83
Total	<u>83.43</u>	<u>100</u>	<u>149.86</u>	<u>100</u>	<u>74.92</u>	<u>100</u>

Marketing

The Group puts significant emphasis on customer satisfaction and constantly strives to better understand the needs of its customers. Besides serving the customers in the telecommunications

industry, the Group plans to broaden its customer base to other industries as well. As at the Latest Practicable Date, the Group's sales and marketing department employed a total of 30 staff in Hong Kong, Macau and the PRC.

The Directors fully appreciate the importance of maintaining good relationships with the Group's customers. It is the Group's strategy to establish good customer relationships by visiting the customers regularly. The Group's sales and marketing team visits the Group's customers on a regular basis and, during their visits, they will identify the problems faced by the customers and make appropriate recommendations to solve the problems. The Group's customers also pay visits to the Group from time to time to inspect the Group's facilities and discuss with the Group's management in relation to their newly launched products and services. The Group believes that good and trusting customer relationships can be built up through such visits and considers that strong customer relationship is one of the Group's key success factors.

The Group actively participates in exhibitions and forums held for the CRM industry, with the goal of maintaining its position in the industry and seeking business opportunities.

HUMAN RESOURCES

Provision of CRM outsourcing services is labour intensive. The Directors believe that employees are the most valuable assets of the Group, and are critical in maintaining its market position and competitiveness in the industry. In order to maintain its strong position in the CRM outsourcing industry and to continue providing high quality and stable service to its customers, the Group puts strong emphasis in the recruitment and the retention of its competent employees.

The responsibility of the recruitment, training and management of employees falls mainly on the human resources department. As at the Latest Practicable Date, the Group's human resources department has 19 full-time staff in Guangzhou, the PRC.

Recruitment

The main objective of recruitment is to ensure there is sufficient staff to manage the Group's provision of CRM outsourcing services. Recruitment of new employees is made through the following channels:

- (1) recruitment websites;
- (2) public recruitment day;
- (3) job advertisements;
- (4) career day at tertiary institutions; and
- (5) referral from existing employees.

Furthermore, the Group maintains two permanent recruitment counters in two of its three CRM service centres and a recruitment telephone hotline.

Training

The Directors see staff training as one of the vital ingredients to the success of the Group's business. The Group provides employees with various training programmes according to their job

nature and needs for the different projects they are assigned to. The training normally lasts from four or five days for outbound services to one month for inbound services.

There are mainly three types of training provided to the employees:

- (1) orientation training;
- (2) on-the-job training; and
- (3) customer service skills and psychological training.

In addition to the in-house training provided by the Group itself, the Group's customers also organizes seminars for the Group's employees in relation to the most up-dated market information and knowledge and the customers' specific requirements. The Group will also send employees at supervisory level for external training courses in Hong Kong, Macau and Guangzhou, the PRC.

The Group requires all employees to pass the necessary assessment following the training courses before they can commence work. The assessment is conducted by the Group and occasionally, by the Group's customers as well.

Retaining of Staff

The turnover rate in the CRM outsourcing services industry is generally higher than other industries due to its business nature. In order to provide constantly high quality CRM outsourcing services for the customers, the Group places great importance on efforts to retain its employees.

The Group provides compensation packages consisting of salary and benefits, including pensions and social benefits, meal allowances and accommodation at reduced rate to its employees. Furthermore, the Group also organises various employee activities and awards outstanding employees with free travel packages.

If an employee intends to resign, the human resources department will arrange a one on one meeting in an effort to retain him/her in the Group. If however the employee decides to leave the Group, an exit interview is conducted to ascertain the employee's reasons for leaving so as to enable the Group to fully understand the needs of its employees, thereby keeping the Group's turnover rate at a minimal level.

The employee turnover rate of the Group remained at an average monthly rate of approximately 5.7% and 5.2% respectively during the Track Record Period. Currently, more than 43.5% of the Group's employees have worked in the Group for over 3 years, whereas 13.4% have worked for over 5 years, thus providing a fairly stable supply of human resources to the Group.

Staff benefits

The Group provides various types of benefits to its staff. For details of the benefits, please refer to the subsection headed "Applicable labour laws and regulations and benefits" under the paragraph headed "Staff of the Group" of the section headed "Directors, Senior Management and Staff" of this prospectus.

To ensure compliance with the applicable laws and regulations the Group has in place procedures which include designating staff of the human resources department to prepare monthly detailed contribution schedules in respect of PRC housing fund and social insurance contributions which will then be received and approved by the human resources manager. Regular checks will be

made by the Group's account manager to ensure completeness and accuracy of the information. In addition, the Group has assigned the manager of the human resources department to formulate and implement measures to ensure compliance. The human resources manager has around 10 years of experience in human resources management and has gained such experience from various companies in the PRC. He has graduated from Nanjing University of Science and Technology majoring in human resources management and has obtained a national qualification certificate on human resources management (人力資源管理師職業資格証 (國家二級)).

RESEARCH AND DEVELOPMENT

The Group places great emphasis on the enhancement of its existing operating systems and the development of new systems, as the Directors believe that continuous research and development are critical in maintaining its market position and competitiveness in the industry.

The research and development department is mainly responsible for the upgrading of the existing operating systems and the designing of new systems tailor made for the Group's CRM outsourcing services. As at the Latest Practicable Date, the Group's research and development department employed 17 full-time staff in Guangzhou, the PRC with industry experience ranging from 1 to 13 years. Among the research and development staff, 16 of them possess post-secondary qualification.

The research and development department works closely with the operation department and other departments in the Group. The frontline staff in the business department will pass the most recent market information, market trend and customer feedback to the research and development department for them to upgrade the Group's existing operating systems and to develop new systems to meet the needs of the business department. Other departments in the Group will also seek help from the research and development department whenever necessary.

Since the incorporation of the Group, the research and development department has developed several operating systems which are heavily relied upon in the Group's daily operation.

Research expenditure is recognised in the income statement as and when incurred. Development expenditure relating to specific projects with commercial viability and for which there is a clear indication of the marketability of the products being developed is carried forward as an intangible asset. Such expenditure is amortised over the period in which the benefits are expected to be derived commencing in the period in which the related sales are first made. Development expenditure that does not meet the above criteria is expensed as incurred. Development expenditure previously recognised as an expense is not recognised as an asset in a subsequent period.

Since the operating systems of the Group are self developed, no purchase cost of systems has been capitalized as intangible assets. Besides, expenses of the research and development department during the Track Record Period can neither be related to specific projects with commercial viability nor for the production of new or substantially improved systems. Therefore, expenses of the research and development department were fully expensed as operating expenses when incurred. As a result, no research and development expenditure was recorded by the Group during the Track Record Period.

Agent Navigation System

There will be one Agent Navigation System for each outbound service project. When the operator starts the system, guidelines and instructions appear on the screen guiding them what to say

next and how to respond to the customer's needs. This user friendly system shortens the training time for operators and minimizes the chances of making mistakes during the conversation between the operator and the customer.

The Agent Navigation System enables both automatic dialling and manual dialling by the operators. It classifies status of customers into different categories including but not limited to "in the course of interview", "pending interview", "already interviewed—second interview necessary" and "already interviewed—second interview not necessary". All conversations between the operators and customers are recorded by the system. The system is also able to generate statistical reports including but not limited to daily, weekly and overall reports for a particular project and other customerised reports.

Auto-dialer System

The Auto-dialer system was self developed by the Group to assist in the Group's daily operations, its main purpose being to support and facilitate the services provided by the Group's operators such as the performance of outbound calls. Its functions include automatic dialling of calls and allocation of such calls to the Group's operators and generating statistical reports, details of which are set out below.

This system automatically dials one lot of random numbers at the same time. If the call is answered, the system will pass the call to an operator who is available. If the call cannot be connected, the system will store that number and dial again in another time block until the call is answered. This increases the number of successful calls in one single time block and keeps the operator's idle time to the minimum. Hence, outbound services will be more effective and efficient.

The Auto-dialer system is able to retrieve specific lots of numbers stored in the system in respect of different projects. Details regarding status of outgoing calls such as number of pending outgoing calls and number of calls being made are displayed on the screen of the operator's computer. The system is able to initiate or stop automatic dialling based on the availability of operators in a particular time block. If a call is connected, the system will either pass the same to an operator or to the IVRS according to the configuration settings. The system is also able to generate statistical reports regarding successful rates of outgoing calls and other customerised reports.

The telephone numbers provided by the Auto-dialer are randomly selected from the pool of numbers which are sourced from 1) lists provided by the corresponding customer of a particular CRM project; or 2) derived from the telephone numbering plans publicly disclosed on the website of Office of the Telecommunications Authority (in relations to Hong Kong numbers only). In relation to telephone numbers provided by the corresponding customer of a particular CRM project, the numbers are usually derived from numbering plans obtained by the Group's telecommunications customers in Hong Kong. Upon successful application for the numbering plans, each telecommunications service provider will be allocated the first three digits of the telephone numbers for fixed line and mobile services by OFTA. The remaining 5 digits of the telephone number are to be combined by the telecommunication service providers themselves according to their own systems and the new 8 digit individual telephone numbers are then assigned to operators or end customers. Telecommunications service providers are required to observe the relevant codes of practice and statements issued by the Telecommunications Authority in relation to assignment of such individual telephone numbers. As the telephone numbers are not derived from searching the Internet or public telecommunications network, the Auto-dialer system and the numbers derived from it, would not come under the scope of the UEMO regarding the use of "harvesting software", details of which are set out in this section and the sections

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headed “Risk Factors” and “Industry Overview and Regulatory Overview” of this prospectus. The Directors believe that the use of such numbers provided by the Group’s customers in performing outbound services are not derived from sources which would be in breach of the UEMO. As confirmed by the Group’s Hong Kong, PRC and Macau legal advisers, the use of randomly generated telephone numbers complies with the prevailing laws, rules and regulations in Hong Kong, the PRC and Macau respectively.

Further, given that the UEMO came into force in June 2007, the Directors confirm that they would from now on require their customers to provide undertakings in the service agreements that the telephone numbers they would provide to the Group do not violate the UEMO. The Directors also confirm that the Group will not enter into any agreements with their customers in the event they believe that there is contravention of the UEMO.

Monitoring System

In order to control the efficiency of inbound and outbound services, each supervisor will have the monitoring system installed in his/her computer. This system shows the start time, end time, the responding phone number and the calling operator’s ID of the current call made by each operator under his/her supervision. The monitoring system is also able to detect the amount of time used by each operator on each call and can therefore alert supervisors to any problems the operator may be experiencing with a particular customer if the call duration is long. It also enables the supervisor to listen to the call if necessary. The screen refreshes automatically every four seconds to let the supervisor know the instant availability of the operators, and then he/she can adjust the speed of the Auto-dialer System mentioned above to suit the current situation.

The average time spent on each call is approximately three minutes. In anticipation of complaints or verification of orders, all phone calls are recorded and stored onto the system. The recording system keeps records of the call duration, date of the call, the caller’s telephone number and the responsible operator.

INSURANCE

The Group maintains comprehensive property insurance against losses or damages of the Group’s properties. The Group also maintains public liability insurance against losses and personal injuries of the Group’s customers and any other third parties, and group insurance for its staff against any personal injuries caused by accidents. The Directors are of the view that the Group’s insurance coverage is adequate for its operation.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, the Group has registered the following trademarks in the PRC:

<u>Trademark</u>	<u>Date of Registration</u>	<u>Trade Mark Registration Number</u>	<u>Class</u>
盛华	28 June 2002	1799217	38
	28 October 2002	1946573	35
	7 March 2003	3000147	38
精英服务精英	21 November 2003	3044259	38

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As at the Latest Practicable Date, the Group has also registered the following domain names:

<u>Domain Name</u>	<u>Registration Date</u>
cn-elite.com (Note)	14 July 2000
iel.hk (Note)	29 June 2007

Note: Contents in these domains do not form part of this prospectus.

For more details, please refer to the paragraph headed “Intellectual Property Rights of the Group” in Appendix VI of this prospectus.

As at the Latest Practicable Date, the Group has not given any consent or otherwise granted to any other party for the right to use any trademarks owned by the Group. The Directors confirm that there has been no infringement or misappropriation of intellectual property right of the Group’s operating systems by third parties, and vice versa during the Track Record Period.

COMPETITION

Although there are numerous CRM outsourcing services providers in the PRC, barriers may preclude new comers from entering into the CRM outsourcing services industry. These may include the lack of capable staff, knowledge and experience in the industry, and the absence of strong business relationships with customers. The Directors, however, are confident that these barriers do not affect the Group and that the Group will continue to maintain its competitive advantages, as demonstrated by (i) the certification of ISO 9001:2000; (ii) accreditations from customers on the stability and quality of the Group’s services; (iii) the Group’s experienced management team in the industry; and (iv) the established business relationships with its customers, including the leading telecommunications service providers in Hong Kong, Macau and the PRC.

UEMO

In May 2007, the UEMO was enacted and shall come into force in two phases with phase I commencing on 1 June 2007 and Phase II on a date to be decided by the Secretary for Commerce, Industry and Technology of the HKSAR and the date of which will be notified and published in the government gazette.

The UEMO governs the sending of commercial electronic messages which for the purposes of the UEMO include a message in any form sent over a public telecommunications service (including among others, SMS, faxes or emails) to an electronic address and includes but is not limited to a text, voice, sound, image or video message; and a message combining text, voice, sound, image or video for the purpose of advertising, promoting or offering any goods, services, business opportunities or the organizations themselves. The UEMO also governs the use of address harvesting software i.e. software which is specifically designed or marketed for use for searching the Internet or a public telecommunications network and collecting electronic addresses such as telephone numbers or email addresses in connection with or to facilitate the sending of such commercial electronic messages. The UEMO does not apply to person-to-person telemarketing calls.

The Group’s current business does not involve the sending of commercial electronic messages and the Group does not use any harvesting software. Systems used by the Group in its current business are set out in the sub-section headed “Research and Development” of this section of the Prospectus. Therefore, the Group’s current business scope is not covered by and subject to the provisions of the UEMO. As confirmed by the Group’s Hong Kong legal adviser, based on the Group’s current business activities, the enactment of the UEMO will not impact on the Group’s business.

PROPERTIES

The Group currently operates its business at various properties in the PRC, Hong Kong and Macau which are mainly used for the Group's CRM service centres, offices and staff quarters. All the seven properties used by the Group are leased properties, with four leased properties located in the PRC, one in Hong Kong and two in Macau. As at the Latest Practicable Date, the Group does not own any property. Further particulars of the properties in the PRC, Hong Kong and Macau and details of the leases entered into between the Group and the respective lessors are set out in the section headed "Property valuation" in Appendix IV annexed to this prospectus.

Properties in the PRC

Real Estate Title Certificates

Among the four properties leased by the Group for its operations in Guangzhou and Foshan, the PRC, lessor of property numbered 3 in the property valuation report annexed as Appendix IV to this prospectus ("**Property 3**"), has failed to provide the relevant real estate title certificate certifying his ownership of the property.

The Directors confirm that Property 3 is not significant to the overall business activities of the Group and the absence of the real estate title certificate in respect of the property will not have a material adverse effect on the Group's business, for the following reason:-

- Property 3 is used as the Group's second CRM service centre (which has a seating capacity of approximately 250 seats). In comparison with the other two CRM service centres operated by the Group, the turnover derived from this centre is not material as it only accounted for approximately 1.4%, 5.7% and 6.1% respectively of the Group's turnover for the two years ended 31 December 2006 and the five months ended 31 May 2007.

However, in order to ensure the smooth running of the Group's business and minimise any interruption which may be caused as a result of this lease, the Directors have the following plan to remedy the above situation:

- As detailed in the section headed "Business objectives and strategies" of this prospectus, the Group plans to set up a new CRM service centre in the southern region of the PRC and operation is expected to commence by the end of 2007. Therefore, the Group will relocate its operations in the second CRM service centre to the new CRM service centre upon expiry of the lease agreement in January 2008.

PRC Legal Opinion

As the lessor obtained his ownership in property 3 through a court decision, the lessor has strong evidence to show his ownership in the property. The Group's PRC legal advisers are therefore of the view that the absence of a valid real estate title certificate will not directly affect the validity of the relevant lease and there is no illegal use of the relevant property.

Indemnity

To further protect the interests of the Company, the Initial Management Shareholders have agreed to provide indemnity in favour of the Company in relation to any claims or losses arising from the defect in title of Property 3 or relocation costs that may be incurred, pursuant to the deed of indemnity dated 10 October 2007.

Registration of leases

In respect of the leases entered into by the Group with their lessors for the Group's leased properties, leases for properties numbered 2 to 4 in the property valuation report annexed as Appendix IV to this prospectus have not been properly registered by the lessors with the relevant PRC authorities as required under the PRC laws and regulations. For the two years ended 31 December 2006 and the five months ended 31 May 2007, the turnover derived from properties numbered 2 to 4 accounted for approximately 52.7%, 60.3% and 70.0% respectively of the Group's total turnover.

Registration for the lease of property numbered 2 is expected to be carried out by Mr. Li Kin Shing as the lessor within three months from 8 October 2007, the date of the lease. Save for property numbered 2, lessors in respect of properties numbered 3 and 4 are not willing to perform the relevant registration procedures. The responsibility of registration falls on the lessors and not the lessees. The lease for property numbered 5 in the property valuation report annexed as Appendix IV to this prospectus has been duly registered.

As disclosed above, the Group intends to relocate its operations in Property 3 to the new CRM service centre in the southern region of the PRC, and not to renew the lease agreement upon its expiry in January 2008. For property numbered 4, the Directors will consider to relocating its operations in property numbered 4 to other property with proper title upon the expiry of the lease agreement, i.e. 15 November 2008.

PRC Legal Opinion

The Group's PRC legal advisers are of the view that as registration of the leases are regulated by the local PRC government authorities, non-registration of the leases will not affect the legality of the leases. Moreover, it is the responsibility for the lessors to register the leases and the lessees are not subject to any penalty for the non-registration of the leases. Therefore, the Directors are of the view that the non-registration of the leases will not have a material adverse effect on the Group's business.

Indemnity

Pursuant to the deed of indemnity dated 10 October 2007, each of the Initial Management Shareholders has agreed to provide indemnity in favour of the Company in relation to any claims or losses arising from the non-registration of the leases.

Save as disclosed above and in the property valuation report set out in Appendix IV to this prospectus, the Directors are not aware of any defects in title of any of the properties set out in the property valuation report.