ETS GROUP LIMITED

易通訊集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8031

Listing by way of Placing

Sole Sponsor, Sole Bookrunner and Sole Lead Manager

Mizuho Securities Asia Limited

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

ETS GROUP LIMITED
易通訊集團有限公司

(incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares	**:**	**70,000,000 Placing Shares (subject to Offer Size Adjustment Option)**
Placing Price	**:**	**HK$0.6 per Share (payable in full on subscription, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%)**
Nominal value	**:**	**HK$0.01 each**
Stock code	**:**	**8031**

Sole Sponsor, Sole Bookrunner and Sole Lead Manager

MIZUHO

Mizuho Securities Asia Limited

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed ''Documents delivered to the Registrar of Companies'' in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in the section headed ''Risk factors'' in this prospectus.

The Placing is managed by the Sole Bookrunner on a best effort basis and is not underwritten. Prospective investors of the Placing Shares should note that the Sole Bookrunner is entitled to terminate the Placing Agreement by notice in writing to the Company, upon the occurrence of any of the events set forth under the paragraph headed ''Grounds for termination'' in the section headed ''Placing'' in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, act of terrorism, strike or lock-out.

30 December 2011

Characteristics of the Growth Enterprise Market (''GEM'') of The Stock Exchange of Hong Kong Limited

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

A separate announcement will be issued if there is any change to the following expected timetable.

	2012 *(Note 1)*
Allotment of Placing Shares to placees on or before	Thursday, 5 January
Announcement of level of indication of interests in the Placing to be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.etsgroup.com.hk on or before	Friday, 6 January
Deposit of Share certificates into CCASS on or before *(Note 2)*	Friday, 6 January
Dealings in Shares on GEM to commence at 9:00 a.m. on	Monday, 9 January

Notes:

1. All times and dates refer to Hong Kong local times and dates. Details of the structure of the Placing, including its conditions, are set out in the section headed ''Structure and conditions of the Placing'' in this prospectus.

2. Share certificates for the Placing Shares allotted and issued to the placees are expected to be either despatched to the placees or deposited directly into CCASS on or before Friday, 6 January 2012 for credit to the respective CCASS participants' or the CCASS investor participants' stock accounts designated by the Sole Bookrunner, the placees or their agents (as the case may be). No temporary documents will be issued.

The Placing is not underwritten. Should the amount of gross proceeds raised under the Placing be less than HK$42 million, the Placing will not proceed.

Share certificates will only become valid certificates of title provided that, no later than 8:00 a.m. on the Listing Date, the Placing has become unconditional and the Placing Agreement has not been terminated in accordance with its terms. If the Placing Agreement does not become unconditional or is terminated in accordance with its terms and conditions, the Company will make an announcement as soon as possible.

No dealing in the Placing Shares should take place prior to the Listing Date. Investors who trade the Placing Shares on the basis of publicly available allocation details prior to the receipt of the share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

Details of the structure of the Placing, including the conditions thereto, are set out in the section headed "Structure and conditions of the Placing" of this prospectus.

CONTENTS

You should rely only on the information contained in this prospectus to make your investment decision.

The Company, the Sole Sponsor and the Sole Bookrunner have not authorized any person to provide you with information that is different from what is contained in this prospectus.

Any information or representation not made nor contained in this prospectus must not be relied on by you as having been authorized by the Company, the Sole Sponsor and the Sole Bookrunner, any of their respective directors, officers, employees, agents, affiliates or representative of any of them, or any other person or parties involved in the Placing.

The contents on the Company's website at www.etsgroup.com.hk, which is the website of our Group, do not form part of this prospectus.

CONTENTS

Page

CONTENTS

Page

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Placing Shares.

There may be greater risks associated with investment in companies listed on GEM than companies listed on the Main Board. Some of the particular risks in investing in the Placing Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Placing Shares.

BUSINESS OVERVIEW

We are principally engaged in providing comprehensive multi-media contact services and contact centre system. Our current clientele are corporations in diverse sectors in Hong Kong, which are mainly telecommunications, banking and financial services, and insurance. We also serve clients in the public sector. We commenced our business in 1990, initially offering paging related services and from 1995 onwards, we have expanded our business operation by way of providing a range of outsourcing telephone answering services, contact services, information services as well as system development support services.

We operate service centres and provide multi-media contact services and system across different media, such as telephone call, fax, email and short message, with telephone call being the principal service offering. As at the Latest Practicable Date, we employed over 1,000 contact service staff and operated a total of over 850 workstations in three contact service centres in Hong Kong.

We provide a comprehensive range of contact services and system, which include inbound contact service and outbound contact service that are outsourced to us by our clients, staff insourcing service (or secondment service), contact service centre facilities management service, and contact centre system solution including software and system research and development and support. In providing the aforesaid services to our clients, we use the WISE-xb System, which is our proprietary product developed and enhanced by us since 2000.

The WISE-xb System is an all-in-one multi-media contact centre system which comprises a suite of software programs built on a digital telephony platform. It combines CTI, ACD, IVR, VoIP, voice logging, voice monitoring, preview and predictive dialling and skill-based call routing functions all on the same system.

The Directors consider that the WISE-xb System satisfies the requirements of novelty, creativity and with practical use for patent registration applications and thus the relevant authority would accept the patent application of the WISE-xb System. However, our Group did not apply for patent for the WISE-xb System in the past taking into account the risk of disclosing the technical details and specifications of WISE-xb System, which is considered a trade secret of our Group. Please refer to the sub-section headed "Risks relating to the industry in which we operate" under the section headed "Risk factors" for further details of this risk. Further, our Group has no intention to apply for patent for the WISE-xb System in the future.

Outsourcing inbound contact service

Outsourcing inbound contact services include the operation of general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines, helpdesk hotlines and television direct response hotlines. These services are provided 24 hours a day or at hours specified by our clients by our contact service staff through the WISE-xb System and our contact service centre facilities.

Our contact service staff handle incoming calls received on the relevant hotlines, and our contact services are provided in the language media of Cantonese, Putonghua and English.

We charge a fixed basic fee based on a minimum committed number of calls answered within each fixed period of time which is mutually agreed between the client and our Group in advance. If the total number of calls answered in the fixed period of time is less than the minimum committed number of calls, our Group shall only charge the agreed fixed basic fee; if the total number of calls answered in the fixed period of time exceeds the minimum committed number of calls, our Group shall charge each additional call at a rate which is agreed with the client in advance.

Outsourcing outbound contact service

Outsourcing outbound contact services include telemarketing services which involve the explanations of product items or service proposals through telephone calls with a view to securing customers' orders or subscription of the products or services, retention services, cross-selling and customer satisfaction surveys. Such services are provided throughout the year as specified by our clients and include cold calls to customers as contained in the lists supplied by our clients.

We have two broad charge schemes for the basic fee of each outbound contact service program: a fixed unit rate per call record provided by the client, or a fixed unit rate per dedicated contact service staff assigned to the outbound contact service.

Staff insourcing or secondment service

Our Group's staff insourcing service entails assigning our contact service staff to work at our clients' contact service centres. We insource contact service staff with qualifications and experience specified by clients including staff at supervisory level to help our clients in the operation of their contact service centres.

We provide our clients with contact service staff for customer service, telemarketing, data entry and other functions. Our insourced staff may work on a full-time or part-time basis. We also provide contact service staff with general insurance or life insurance licence to clients which have such requirements.

We are responsible for the entire recruitment process for the insourcing service, which includes recruitment advertising, interview and assessment, employment contract maintenance, routine payroll management and other administrative support. The insourced staff remain as employees of our Group and work at the contact service centres to which they are assigned under the management of the clients.

Our Group usually charges a mark up fee for each insourced staff during the service period in which the insourced staff works for the client.

Contact service centre facilities management service

1) Workstation Leasing

We provide leasing of our contact service centre facilities, in the form of workstations, contact service staff and system infrastructure and support to our clients for setting up their own contact service centre operations at our Group's contact service centre premises.

The clients can choose between the "shared" and "fully dedicated" leasing models in terms of the physical set-up, the WISE-xb System, network as well as telecommunication facilities, to fit their own individual compliance requirements and business needs. Under the "shared" model, the client's contact service operation is to be carried out in an operation area shared with other services, and the sharing also applies to the WISE-xb System, computer equipment as well as the network and telecommunication facilities involved. Under the "fully dedicated" leasing model, a separated and enclosed area with its own entrance(s), standalone network, dedicated WISE-xb System and other computer equipment and telecommunication facilities are all reserved to be solely used for the client's operation.

As part of this service, our Group provides the customization of the contact service front-end applications, ongoing applications modification, technical support, data back-up, system monitoring as well as administrative assistance in respect of the clients' contact centre services as an option. Our Group also offers insourcing contact service staff support to complement each workstation.

For contact service centre workstation leasing, a fixed monthly unit rate on each workstation is applied depending on the scale and complexity of the service. Taking into consideration the scale, contract period, contact service centre set up and other related requirements, there may be variations on the charges for different services.

2) IVRS Hosting Solution

Riding on our Group's WISE-xb System, we provide IVRS hosting solution to clients who outsource their IVRS service to us. We offer inbound IVRS service for registration, lucky draw and information enquiry purposes, as well as outbound IVRS service for payment reminder purposes.

We take care of different aspects of the IVRS service including call flow design based on the logic of the service, facilities set-up including subscription of telephone lines, voice recording in three language media namely, Cantonese, English and Putonghua by voice talents, customization of the IVRS module of the WISE-xb System as well as 24-hour on-going system monitoring and daily report generation and submission.

For the IVRS hosting solution, a unit rate per telephone channel used is applied. Taking into consideration the complexity of the IVRS service, number of telephone channels used, contract period, and other related requirements, there may be variations on the charges for different services.

3) Contact Centre System Hosting Solution

Our Group started providing contact centre system hosting solution in 2010 by means of our WISE-xb System. Through the provision of the hosting solution, the clients are able to make use of our WISE-xb System to support the contact service operation at their own contact service centres under a remote access model.

Workstations at the client's contact service centre are remotely connected to our WISE-xb System, and the client and its contact service staff are able to enjoy all the functions and features of the WISE-xb System. Our Group is responsible for maintaining and supporting the WISE-xb System and the corresponding data for the clients' remote operation just as if the operations take place at our own contact service centres.

For contact service centre system hosting services, a fixed monthly unit rate on each workstation is applied depending on the scale and complexity of the service. Taking into consideration the scale, contract period, contact service centre set up and other related requirements, there may be variations on the charges for different services.

Service Agreements

The agreements that our Group enters into with our clients in general contain (i) the scope and requirements of the services to be provided by our Group, (ii) a contract term that generally ranges from three months to three years, (iii) a renewable clause at expiry upon mutual agreement, if any, (iv) a pricing scheme on one-off and/or recurring charges, (v) a payment credit term typically of 30 days; and (vi) a termination clause that ranges from one to six months.

WISE-xb System

Our Group has designed, developed and enhanced the WISE-xb System since 2000. The WISE-xb system is an all-in-one multi-media contact centre system built on a digital telephony platform with a comprehensive suite of telephony functions for the operation and management of contact services.

WISE-xb System adopts the CTI technology which allows data collected from the telephone systems to be used to query databases with customer information, and integrates the telephony data and customer data for easy reference. The WISE-xb System is our proprietary product and its associated trademark is owned by our Group.

The WISE-xb System has the following core functions:

1. Multi-media support

2. Universal Queue for multi-media contact channels

3. Skill-based Call Routing

4. Interactive Voice Response

5. Digital Voice Logging/recording with encryption

6. Auto, Preview and Predictive Dialers

7. VoIP

8. Voice monitoring

9. Real Time System Monitoring

10. Video Capture

11. Auto-Backup System

12. Reporting Module

OUR GROWTH STRATEGIES

We serve clients in diverse sectors in Hong Kong, including telecommunications, banking and financial services, insurance, and the public sector. We build and maintain long-term and stable business relationships with our clients, and have been serving most of our top 10 clients for an average period of more than 7 years. We work to meet their diverse and specific demand and requirements in providing them with comprehensive multi-media contact services. We also seek to expand our business and operation in the existing industry sectors that we serve and other new industry sectors.

We are operating our contact service centres at high utilization rates during the Track Record Period. We plan to expand the total capacity of our contact service centres in order to further enhance the operational efficiency, and functional effectiveness of our contact services with the objective of meeting our existing clients' growing needs.

It is our current plan to set up two more new contact service centres for meeting the increasing demand from both existing and new clients before the end of 2012. We also plan to put more resources in research and development for improving the WISE-xb System in order to enhance the efficiency of our contact service centres and business operation. We strive to increase the sale of our solutions under the WISE-xb System to our clients under licensing arrangements. We also provide system maintenance and customization support to our clients upon sale to or licensed use by our clients of the WISE-xb System.

OUR COMPETITIVE STRENGTHS

Our Directors believe that we have the following competitive strengths:—

1. we operate a sizeable contact service operation in Hong Kong of over 850 workstations, three contact service centres and more than 1,000 contact service staff, as at the Latest Practicable Date; we enhance our operational efficiency and functional effectiveness by concentrating and allocating our resources on a centrally managed and administered basis.

2. we have the technological capability in developing our own contact centre system and have developed the WISE-xb System which enables the provision of cost-efficient contact services at contact service centres. The WISE-xb System helps to enhance our Group's competitiveness especially in terms of speed of delivery and pricing of our services in the context of the contact service industry.

3. we provide diversified contact services to clients in diverse industry sectors for meeting their business needs;

4. we have a stable and experienced management team with an average of more than 15 years of experience in operating and managing contact services in Hong Kong; and an average tenure of more than 7 years with our Group;

5. we maintain long-term business and working relationships with our clients which help to support the continuation and expansion of our business;

6. we have an in-house information technology team which provides 24-hour service support for 7 days a week so as to enable us to conduct sustainable contact service operations;

7. we adopt the ISO 9001 quality management standards since 1997 so as to deliver services of a high quality standard to our clients;

BUSINESS OBJECTIVES AND STRATEGIES

Our Group has been in the contact service market in Hong Kong for around 20 years and has established long and steady business relationships with our clients. Our Group aspires to further upgrade our market position to be a leading professional multi-media contact service partner that adds value to our client's business. Our Group plans to leverage on and improve our competitive strength by (a) setting up new contact service centres for capturing the demand from different market segments and more industry sectors; (b) expanding and enhancing our contact centre system and software; and (c) enhancing the capabilities of existing contact service centres facilities.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors believe that the listing of the Shares on GEM will enhance our Group's profile. The Placing will also strengthen our Group's capital base and provide our Group with additional working capital to implement the future plans set out in the paragraphs headed "Business strategies" and "Implementation plans" in the section headed "Business objectives and strategies" in this prospectus respectively.

The net proceeds from the Placing, after deducting the related expenses, are estimated to be approximately HK$27.0 million (assuming the Offer Size Adjustment Option is not exercised). The Directors presently intend that the net proceeds will be applied as follows:

— approximately 52% of the net proceeds, or approximately HK$14 million, for setting up two new contact service centres with a total capacity of around 400 workstations for capturing additional contact service demand from existing and potential clients in the telecommunications, banking and financial services, and insurance industry sectors as well as other new market segments such as mandatory provident fund service and business continuity support service. The two new contact service centres will be located in Kowloon but the exact whereabouts of the same are yet to be determined and identified. Based on the cost of approximately HK$6.5 million for setting up one of our contact service centres with around 350 workstations in 2008 and the inflation factor, the Group estimated the total cost for the setting up of a new contact service centre is approximately HK$7.0 million which mainly comprises the costs for decoration, fitting out and purchase of hardware equipment and systems.

— approximately 28% of the net proceeds, or approximately HK$7.5 million, for expanding and enhancing our contact centre system and software with research and development projects. These shall include approximately HK$0.7 million in developing interactive voice and video response and video contact centre feature, approximately HK$0.5 million in workforce management, approximately HK$1.2 million in social media features, approximately HK$1.0 million in customer relationship management feature, approximately HK$1.1 million in call centre analytics development, and approximately HK$3.0 million to be spent on new contact service centre solution for supporting another brand of operating system.

— approximately 15% of the net proceeds, or approximately HK$4.0 million, for enhancing the capabilities of our existing contact service centre facilities which includes renovation to improve the physical conditions of some of our contact service centres, and to upgrade the contact centre system to the VoIP platform. It is estimated that approximately HK$2.0 million is required for enhancing each of the two contact service centres at Kowloon Bay and Kwun Tong (Camelpaint Building), among which approximately HK$1.0 million is for leasehold improvement work to renew and reinstate some facilities including air conditioning systems, lighting systems and power cabling, and the remaining HK$1.0 million is for the purchase/upgrade of system servers, personal computers and network equipment; and

— the balance of approximately 5% of the net proceeds, or approximately HK$1.5 million, for use as general working capital of our Group.

If the Offer Size Adjustment Option is exercised in full, the net proceeds will be increased by approximately HK$6.0 million. The Directors intend to apply such additional proceeds for the above purposes on a pro-rata basis.

In summary, the implementation of our Group's business objectives and strategies from the Latest Practicable Date to 31 December 2013 will be funded by the net proceeds from the Placing as follows:

	For the six months ending				
	30 June 2012	**31 December 2012**	**30 June 2013**	**31 December 2013**	**Total**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Setting up new contact service centres for capturing the demand from different market segments and more industry sectors	7.0	7.0	0	0	14.0
Expanding and enhancing our contact centre system and software	2.3	2.1	2.3	0.8	7.5
Enhancing capabilities of existing contact service centre facilities	1.0	1.0	1.0	1.0	4.0
Use as general working capital of our Group	1.5	0	0	0	1.5
	11.8	**10.1**	**3.3**	**1.8**	**27.0**

The Directors consider that the net proceeds from the Placing will be sufficient to finance our Group's business plans up to the year ending 31 December 2013.

To the extent that the net proceeds from the Placing are not immediately required for the above purposes, it is the present intention of the Directors that such net proceeds be placed on short-term interest bearing deposits with authorized financial institutions.

TRADING RECORD

The following table, which is extracted from the accountants' report set out in Appendix I to this prospectus, summarises our Group's combined revenue and results for each of the two years ended 31 December 2009 and 2010 and the six months ended 30 June 2010 and 2011 prepared on the assumption that the current structure of our Group had been in place throughout the period under review. The summary should be read in conjunction with the accountants' report as set out in Appendix I to this prospectus.

Combined statements of comprehensive income

	Year ended 31 December 2009	**Year ended 31 December 2010**	**Six months ended 30 June 2010**	**Six months ended 30 June 2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Revenue	190,632	191,147	88,350	89,396
Other income	407	271	223	171
Other gains – net	2,501	1,318	141	33
Employee benefits expenses	(146,597)	(148,735)	(64,575)	(65,793)
Depreciation and amortization	(5,763)	(5,662)	(2,826)	(2,916)
Other operating expenses	(19,909)	(20,394)	(10,699)	(10,158)
Operating profit	21,271	17,945	10,614	10,733
Finance costs	(1,114)	(1,628)	(814)	(730)
Profit before income tax	20,157	16,317	9,800	10,003
Income tax expense	(2,662)	(2,563)	(1,977)	(1,861)
Profit for the year/period	17,495	13,754	7,823	8,142
Profit attributable to:				
Owners of the Company	17,490	13,754	7,823	8,142
Non-controlling interests	5	—	—	—
	17,495	13,754	7,823	8,142
Earnings per share				
– basic and diluted (HK cents)	8.3	6.5	3.7	3.9

Analysis of revenue

The following table sets forth the analysis of revenue by business units of our Group during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2009		**2010**		**2010**		**2011**	
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000*	
	(audited)		(audited)		(unaudited)		(audited)	
Outsourcing inbound contact service	12,564	6%	8,890	5%	3,831	4%	4,010	4%
Outsourcing outbound contact service	68,484	36%	70,577	37%	31,674	36%	31,794	36%
Staff insourcing service	83,734	44%	87,994	46%	41,212	47%	41,227	46%
Contact service centre facilities management service	24,503	13%	23,175	12%	11,320	13%	12,365	14%
Others	1,347	1%	511	0%	313	0%	–	0%
Total revenue	190,632	100%	191,147	100%	88,350	100%	89,396	100%

On the basis of our management accounts, there was no material adverse change to our financial results, including the major items of the profit and loss accounts, such as revenue, operating expenses, and profits, for the period from 1 July 2011 to the Latest Practicable Date as compared to that in the six month period ended 30 June 2011.

STATISTICS OF THE PLACING

Market capitalization of the Shares *(Note 1)* . . . . .HK$168 million

Historical price/earnings multiple
on a fully diluted basis *(Note 2)* . . . . .12.2 times

Unaudited pro forma adjusted net tangible asset
value per Share *(Note 3)* . . . . .HK$0.25

Notes:

1. The calculation of the market capitalization of the Shares is based on the Placing Price of HK$0.6 per Placing Share and 280,000,000 Shares in issue immediately after completion of the Placing but takes no account of the exercise of the Offer Size Adjustment Option and any Shares which may fall to be allotted and issued pursuant to the general mandate for the allotment and issue of Shares or any Shares which may be repurchased by the Company pursuant to the general mandate for repurchase of Shares referred to in the paragraph headed "Written resolutions of the sole Shareholder, passed on 21 December 2011" in Appendix V to this prospectus.

2. The calculation of the historical price/earnings multiple on a fully diluted basis is based on the profit attributable to equity holders of the Company for the year ended 31 December 2010, the Placing Price of HK$0.6 per Placing Share and on the assumption that 280,000,000 Shares, comprising Shares in issue as at the date of this prospectus and Shares to be issued pursuant to the Placing, had been in issue throughout the year.

3. The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after the adjustments referred to in the sub-section headed "Unaudited pro forma adjusted net tangible assets" under the section headed "Financial information" of this prospectus, and on the basis of the Placing Price of HK$0.6 per Placing Share and 280,000,000 Shares in issue immediately following completion of the Placing.

Dividend and Dividend Policy

For the year ended 31 December 2009 and 2010 and the six months ended 30 June 2011, our Group declared dividends in aggregate amounts of HK$20.0 million, HK$19.0 million and HK$16.5 million respectively.

All dividends declared were fully paid prior to the Latest Practicable Date and the Group financed the payment of these dividends by its internal resources.

Risks relating to our Group

- Our revenue and profit sustainability depends on continual growth on the basis of maintaining competitiveness and provision of quality contact services

- We rely on our major clients in a few industry sectors and may have difficulty in expanding our business into other industry sectors

- We have concentration on our major suppliers

- Our operational infrastructure including the computer system and network may experience unexpected interruption, inadequacy, breakdown or failure

- We are dependent on key management personnel

- We may fail to secure space for our contact service centres on commercially acceptable terms or renew the existing leases

- We need to recruit and retain competent employees
- Labour shortages or increases in labour costs could slow our growth, harm our business and reduce our profitability
- We may be exposed to third party liabilities arising from claims due to the nature of service and the content of the information delivered by us in our daily operations
- We need to have adequate protection for the personal data collected from our clients
- The effect of the UEMO on the Group's business
- We may encounter difficulty in achieving our business objectives
- Our business may be adversely affected by any negative publicity or news on ePRO Limited, a third party company not connected with us due to the close resemblance between the name of certain subsidiaries of our Group and that of ePRO Limited
- Our dividend payment level during the Track Record Period cannot be taken as references of future dividends
- The interests of our Controlling Shareholders may differ from that of other Shareholders
- Our net cash outflows from operating activities may expose us to liquidity risk
- Our profitability for the current financial year might be negatively affected by the increase in total expenses as a result of the listing expenses

Risks relating to the industry in which we operate

- We need to keep up with rapid changes in information and communication technology
- We have to be able to maintain our competitiveness against our competitors
- We may be exposed to the risk of our unpatented WISE-xb System being copied and used by our competitors
- There may be changes in the regulatory environment

Risks relating to the Placing

- The Placing is not underwritten
- There has been no prior public market for our Shares, and the liquidity, market price and trading volume of our Shares may be volatile
- Investors may experience dilution if we issue additional Shares in the future
- Any sales by our Controlling Shareholders or Substantial Shareholders of a substantial number of our Shares in the public market could materially and adversely affect the market price of our Shares

Risks relating to statements in this prospectus

- Certain facts and statistics in this prospectus are derived from various sources compiled by market research agencies and may not be reliable

Concentration on clients

Our Group derives a significant portion of our revenue from the provision of services to a number of key clients in mainly three industry sectors (the "three industry sectors"), namely, telecommunications, banking and financial services, and insurance, in Hong Kong. Revenue derived from the three industry sectors accounted for over 90% of the total sales of the Group for the two years ended 31 December 2010 and for the six months ended 30 June 2011.

During the Track Record Period and as at the Latest Practicable Date, our Group's top five major clients are in the telecommunications, the banking and financial services and the insurance sectors. Revenue from top five major clients accounted for approximately 67%, 70% and 71% of our Group's total revenue during the Track Record Period.

In order to further reduce reliance on the largest client, we plan to extend our services to more new clients in the same or other industry sectors, namely, Mandatory Provident Fund ("MPF"), business continuity support, retail and health care; leveraging on our established industry-specific experiences and trained contact service staff resources in telecommunications, banking and financial services, insurance and public sectors.

Our Group plans to set up a new contact service centre with planned 100 to 140 workstations with sophisticated and high standard equipment and facilities by December 2012. It is estimated that half of the workstation capacity will be allocated for MPF related services or services that have more stringent requirements, while the remaining half will be used for business continuity or disaster recovery back-up service as well as other outsourcing outbound contact services within the first year of operation of the new contact service centre.

Concentration on suppliers

Our Group's purchases from its five largest suppliers together accounted for approximately 91%, 97% and 98% of our total purchases for the two years ended 31 December 2010 and the six months ended 30 June 2011 respectively. In addition, we purchased approximately 39%, 48% and 46% from our largest supplier for the two years ended 31 December 2010 and for the six months ended 30 June 2011, respectively.

Our Group usually purchase from the suppliers with the most favourable pricing, payment term and services. We also have our internal procedure guideline to follow when selecting suppliers which normally requires us to consider different suppliers before making a choice on each transaction. There are also plenty of suppliers in the market to choose from so our Group actually does not rely on any particular supplier(s).

Management plans to serve the indebtedness and capital commitments

According to our past history, our Group generated stable cash inflow received from our clients. Based on our past history, our management is confident in maintaining a stable cash inflow from our clients. Our Group also expects that the cash inflow will increase along with our Group's turnover and profit increase in the future according to our forecast.

Moreover, our Directors believe that the existing banking facilitates can cover our expected cash outflow to sustain our business. In order to serve our indebtedness, capital commitments and meet our reasonably foreseeable cash requirements, our Directors will further negotiate with financial institutions to increase the credit line of our Group so as to increase the availability of undrawn banking facilities.

POTENTIAL COMPETITION WITH CONTROLLING SHAREHOLDERS

Our Controlling Shareholders currently have equity interests in Guangzhou Epro which is engaged in the provision of contact services in the Guangdong province with current targeted clientele of social enterprises in the PRC.

The Directors consider that the interest of our Controlling Shareholders in other contact services related business would not, and is unlikely to, compete directly or indirectly with our Group's business. Our Group has taken the following measures to prevent any potential competition with the Controlling Shareholders:

Deed of Non-competition

1. There is a clear delineation of the geographical markets and clients between our Group and the Controlling Shareholders.

2. Our Group generates its revenue from the Hong Kong market only during the Track Record Period and at present and has no current plans to expand into other geographical markets.

3. The Covenantors are bound to refer New Business Opportunity to our Group.

4. The Board will form a committee comprising non-conflicted Directors to consider such New Business Opportunity.

5. There is no time limit for the committee comprising non-conflicted Directors to consider such New Business Opportunity.

6. Even if the committee comprising non-conflicted Directors decided not to take the New Business Opportunity, the Covenantors will use his/her/its best endeavour to procure each of his/her/its associates and/or companies controlled by him/her/it not to take the New Business Opportunity as well.

Continuing compliance with the Deed of Non-competition

1. Our independent non-executive Directors will review the compliance with the undertakings by the Controlling Shareholders set out in the Deed of Non-competition at least on an annual basis.

2. The Controlling Shareholders will make annual declaration in relation to compliance with the Deed of Non-competition in the annual reports of the Company.

Under the Articles of Association of the Company

According to the Articles of Association of the Company, if there is a potential conflict of interest arising out of any transaction to be entered into between any members of our Group and our Directors, the interested Director(s) shall not be present in the relevant Board meetings unless their attendance is requested by the majority of the independent non-executive Directors.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

"Articles" or "Articles of Association"	the articles of association of the Company adopted on 21 December 2011 and as amended from time to time
"ASEAN"	The Association of Southeast Asian Nations
"Asia Pacific" or "APAC"	unless the context indicates otherwise, references in this prospectus to "Asia Pacific" or "APAC" include Australia, China, Hong Kong, Taiwan, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Vietnam
"associate(s)"	has the same meaning defined under the GEM Listing Rules
"BFSI"	Banking, financial services and insurance
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday) on which licensed banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"Calendar Year" or "CY"	the 12-month period beginning 1 January of each year and ending 31 December of that year
"Capitalization Issue"	the issue of 209,999,998 Shares upon capitalization of part of the share premium account of the Company referred to in the paragraph headed "Written resolutions of the sole Shareholder passed on 21 December 2011" under the section headed "Further information about the Company and its Subsidiaries" in Appendix V to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Companies Law"	the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company"	ETS Group Limited (易通訊集團有限公司), a company incorporated in the Cayman Islands on 29 June 2011 as an exempted company with limited liability
"Connected Person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Connected Transactions"	the transactions stapled and specified in Rule 20.13 of the GEM Listing Rules
"contact service staff"	a person(s) in the contact service centre who handles incoming or outgoing customer multi-media contact such as telephone call, fax and email. Other names for a contact service centre staff include agent, customer service representative (CSR), telemarketer (TM), telephone sales or service representative (TSR) or operator
"Controlling Shareholders"	has the meaning ascribed to it under the GEM Listing Rules and, in the context of this prospectus, means the controlling shareholders of the Company, namely, Mr. Ling, Mr. Wong, Ms. Chang and Ms. Ting and Excel Deal
"Director(s)"	the director(s) of the Company
"Eastside Fortune"	Eastside Fortune Limited, a company incorporated under the laws of BVI on 15 June 2011 with limited liability which, upon completion of the Reorganization, shall become the wholly owned subsidiary of the Company
"EGIL"	Epro Group International Limited (formerly known as Emil International (Holdings) Limited), a company incorporated in Hong Kong on 22 June 1995 with limited liability. It was the former sole shareholder of ETH
"ELL"	Epro Logic Limited, a company incorporated in Hong Kong on 18 April 1989 with limited liability and an indirect wholly-owned subsidiary of the Company

"EML"	Epro Marketing Limited, a company incorporated in Hong Kong on 30 January 1995 with limited liability and an indirect wholly-owned subsidiary of the Company
"EOSL"	Epro Online Services Limited, a company incorporated in Hong Kong on 30 July 2004 with limited liability and an indirect wholly-owned subsidiary of the Company
"Epro Techsoft" or "ETL"	Epro Techsoft Limited, a company incorporated in Hong Kong on 29 December 1992 with limited liability. It is ultimately owned as to 47%, 46%, 5% and 2% by Mr. Wong, Mr. Ling, Ms. Chang and Ms. Ting respectively through intermediate holding companies
"ETH"	Epro Telecom Holdings Limited, a company incorporated in Hong Kong on 28 September 1990 with limited liability and an indirect wholly-owned subsidiary of the Company
"ETS"	Epro Telecom Services Limited, a company incorporated in Hong Kong on 23 February 1990 with limited liability and an indirect wholly-owned subsidiary of the Company
"Excel Deal"	Excel Deal Holdings Limited, a company incorporated under the laws of BVI on 9 June 2011 with limited liability which, upon completion of the Reorganization, shall become the immediate holding company of the Company
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	The Rules Governing the Listing of Securities on GEM (as amended from time to time)
"Greater China"	the PRC, Hong Kong and Taiwan
"Group"	the Company and its subsidiaries or, where the context so requires, in respect of the period before Company became the holding company of its present subsidiaries, such subsidiaries as if they were the Company's subsidiaries at that time

"Guangzhou Epro"	Guangzhou Epro Information Technology Co., Ltd 廣州潤寶信息科技有限公司, a company incorporated in the PRC on 22 December 2009. It is owned as to 60% by Epro Techsoft and as to 40% by an Independent Third Party
"Guangzhou EproTech"	Guangzhou EproTech Company Limited 廣州普廣科技有限公司, a company incorporated in the PRC on 14 September 2007. It is owned as to 47%, 46%, 5%, and 2% by Mr. Wong, Mr. Ling, Ms. Chang and Ms. Ting respectively through intermediate holding companies
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HKFRS"	Hong Kong Financial Reporting Standards
"IBS"	Interactive Business Services Limited, a company incorporated in Hong Kong on 7 May 1999 with limited liability and an indirect wholly-owned subsidiary of the Company
"Independent Third Party(ies)"	a person(s) or company(ies) which is/are independent of and not connected persons (within the meaning of the GEM Listing Rules) of any directors, chief executive or Substantial Shareholders of our Group, its subsidiaries or any of their respective associates
"Latest Practicable Date"	23 December 2011, being the latest practicable date for ascertaining certain information prior to the printing of this prospectus
"Listing"	the listing of Shares on GEM
"Listing Date"	the date on which dealings in the Shares on the GEM first commence
"Listing Division"	the Listing Division of the Stock Exchange
"Main Board"	the stock market operated by the Stock Exchange prior to the establishment of GEM, which excludes the options market and which continues to be operated by the Stock Exchange in parallel with GEM and which, for the avoidance of doubt, excludes GEM

"Memorandum"	the memorandum of association of the Company, as amended from time to time
"Mizuho"	Mizuho Securities Asia Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, acting as the Sole Sponsor and Sole Bookrunner in relation to the Placing
"MSL"	Merry Silver Limited, a company incorporated under the laws of BVI on 3 November 2000 with limited liability. It was the former sole shareholder of EGIL
"Mr. Ling"	Mr. Ling Chiu Yum, an executive Director, the honorary chairman and one of the founders of our Group
"Mr. Ngan"	Mr. Ngan Chi Keung, an independent non-executive Director and the chairman of the audit committee of our Group
"Mr. Phung"	Mr. Phung Nhuong Giang, an independent non-executive Director and the chairman of the remuneration committee of our Group
"Mr. SK Wong"	Mr. Wong Sik Kei, an independent non-executive Director
"Mr. Suen"	Mr. Suen Fuk Hoi, an executive Director and company secretary of the Company
"Mr. Wong"	Mr. Wong Wai Hon Telly, an executive Director, the chairman and one of the founders of our Group
"Ms. Chang"	Ms. Chang Men Yee Carol, an executive Director, the chief executive officer and compliance officer of our Group
"Ms. Ting"	Ms. Ting Yee Mei, general manager for operation of our Group
"Offer Size Adjustment Option"	the option granted by the Company to the Sole Bookrunner, exercisable by the Sole Bookrunner, at its sole and absolute discretion, prior to the date of allotment results announcement, whereby the Company may be required to allot and issue up to 10,500,000 additional new Shares representing up to 15% of the Placing Shares initially available under the Placing at the Placing Price, subject to the terms and conditions set out in the Placing Agreement

"Placing"	the conditional placing by the Sole Bookrunner of the Placing Shares for cash at Placing Price, as described under the section headed "Structure and conditions of the Placing" in this prospectus
"Placing Agreement"	the conditional placing agreement entered into between, among others, the Company, the executive Directors, the Controlling Shareholders and the Sole Bookrunner dated 30 December 2011, particulars of which are set out in the section headed "Placing" in this prospectus
"Placing Price"	the placing price of HK$0.60 per Placing Share (exclusive of brokerage, the Stock Exchange trading fee and SFC transaction levy)
"Placing Shares"	70,000,000 new Shares initially being offered by the Company for subscription at the Placing Price under the Placing
"PRC" or "China"	the People's Republic of China which shall, for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Reorganization"	the reorganization arrangements undergone by our Group in preparation for the Listing, further details of which are set out in Appendix V to this prospectus
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme conditionally approved and adopted by the Company on 21 December 2011, the principal terms of which are summarized in the paragraph headed "Share Option Scheme" in Appendix V to this prospectus
"Shareholder(s)"	holder(s) of Share(s)

"Shenzhen EproTone"	Shenzhen EproTone Technology Development Co., Ltd 深圳易東聯科技發展有限公司, a company incorporated in the PRC on 25 December 1998. It is owned as to 70% by Epro Techsoft and 30% by 廣東省頤東通信公司 (Guangdong Province Ye Dong Communication Company, for translation purpose only), an Independent Third Party
"Sole Bookrunner"	Mizuho
"Sole Sponsor"	Mizuho, the sole sponsor to the Company in respect of the Listing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed thereto in the GEM Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Track Record Period"	the two years ended 31 December 2010 and six months ended 30 June 2011
"WISE-xb System"	formerly known as "EPRO2K" and "EPRO3K", a software system designed and developed by our Group for operation of its business, details of which are set out in the section headed "Business" in this prospectus
"HK$" and "cents"	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States Dollars, the lawful currency of the United States of America
"sq.ft."	square feet
"sq.m."	square metre
"%"	per cent
"*"	is for transliteration and identification purpose only

This glossary contains explanation of certain technical terms used in this prospectus in connection with the Company and its business. The terminology and their meanings may not correspond to standard industry meanings or usage of those terms.

"Application Programming Interface" or "API"	a particular set of rules and specifications that software programs can follow to communicate with each other. It serves as an interface between different software programs and facilitates their interaction, similar to the way the user interface facilitates interaction between humans and computers
"Automatic Call Distributor" or "ACD"	the software and hardware that routes inbound calls to a group of agents based on certain intelligent routing and skill-based criteria stored in the database. The ACD system may work on traditional circuit-switched (TDM) or IP technology. The ACD system processes inbound calls on a first-come-first-served basis. In the case that agents are unavailable to take the call, the ACD system holds the calls in a queue and then transfers the call to the first available agent. ACD systems can also be configured to route calls made to a particular number for priority handling
"Automatic Speech Recognition" or "ASR"	converts spoken words to text. Speech recognition refers to technology that can recognize speech without being targeted at single speaker. ASR is the most widely deployed technology among Speech Technology products, and represents the central software of the speech platform. ASR essentially converts spoken words into computer text by first digitizing speech and then matching it against a dictionary of coded waveforms. Natural Language Understanding (NLU) has become closely intertwined with ASR. The allure of NLU is the creation of a more conversational experience by establishing the context and meaning of a call
"Call/Quality Monitoring" or "CM"	includes both Selective Recording and Full Recording. Such software application allows supervisors to monitor agent voice and data interactions on a frequency basis
"Contact Centre"	a centre where the predominance of the work done involves handling customer interactions via telephone, email and/or web chat. These could be help desks, tele-marketing centres, or service and support centres

"Contact Centre Applications"	a software program or a suite of programs that helps overall process management, streamlining and optimizing contact centre operations and enable contact centre maintain high levels of service to meet customer expectations. Examples are ACD, CTI, IVR, Outbound System, Call/Quality Monitoring, WFM, Speech Technology and Multimedia Systems
"Contact Centre Service"	all form of services rendered for the Contact Centre Applications, including: Professional Services, Maintenance Services, Consulting Services, Implementation Services, hosted services and managed services
"Computer Telephony Integration" or "CTI"	the software, hardware and programming necessary to integrate computers and telephones that allows multiple devices and applications to communicate so they can work together seamlessly and intelligently. Using automatic number identification (ANI), a computer detects the caller's telephone number, routes the call to the appropriate Agent, retrieves the customer's information record from a database, and displays this record via a screen pop on a monitor in front of the Agent. "Enterprise CTI" goes beyond the basic screen pop functionality to enable multiple points of interaction and link the contact service centre with broader enterprise applications
"Consulting Services"	includes planning and designing, capacity planning, performance assessment and audit, migration consulting, project engineering, design review and project management
"E-Mail Management Software"	typically performs several functions. First, the incoming e-mail is routed to the appropriate boxes. This software may also perform filtering functions to match email addresses with customer records and assign a tracking number to the e-mail to create an audit trial with the specific inquiry or customer. Next, an automated response is generated to inform customers that their e-mail has been received. Finally, the software will either generate an automatic response or assist Agents by suggesting a response
"Full Recording" or "logging"	is part of contact centres Call Monitoring application. Full Recording usually requires vendor-supplied servers and circuit cards to assure the high levels of reliability and performance required for compliance recording. Typically all interactions are recorded from communications paths through trunk or station-side ports to the ACD/PBX

"Host Media Processing" or "HMP"	is a term used to refer to a telephony system that uses the millions of instructions per second (MIPS) of processing power on a general-purpose computer to process a telephony call's media stream rather than use digital signal processors (DSPs) to perform the task. When telephony call streams started to be digitized for time-division-multiplexed (TDM) transport, processing of the media stream, to enhance it in some way, became common
"Implementation Services" or "Integration Services"	includes system integrations, migration services, configuration management, project management, site survey, site preparation, staging, piloting, installation, testing, monitoring, performance management and training
"Interactive Voice Response" or "IVR/IVRS"	an automated telephony system that interacts with callers, gathers information and routes calls to the appropriate recipient. An IVR system (IVRS) accepts a combination of voice telephone input and touch-tone keypad selection and invokes appropriate responses in the form of voice, fax, callback, e-mail and perhaps other media
"ISO"	the International Organization for Standardisation, a worldwide federation of national standardisation bodies
"ISO 27001"	a set of international standard prescribed by ISO designed to ensure the selection of adequate and proportionate security controls that protect information assets; specifies the requirements for establishing, implementing, operating, monitoring, reviewing, maintaining and improving a documented information security management system; specifies requirements for the implementation of security controls customized to the needs of individual organizations or parts thereof
"ISO 9001"	a constituent part of the ISO 9000 series which covers the areas of management responsibility; quality system; document control; purchasing; control of customer's supplied-products; product identification and traceability; process control; measuring and equipment testing; control of non-conforming product; corrective and preventive action; handling; storage; packaging, preservation and delivery; internal quality audits; training and statistical techniques

"Maintenance Services"	the act of maintaining and optimizing Contact Centre infrastructure by service providers, on a contractual or on-demand basis. The services include: basic maintenance services comprising on-site monitoring and maintenance as well as break-fix maintenance services; advanced maintenance services: comprising remote/online monitoring, fault monitoring, online support, troubleshooting, analysis and reporting; and maintenance services which is bundled with other types of services in a managed or hosted contact centre service contract and is not included in the maintenance services category
"Multimedia Systems" or "MM"	a system that handles more than one media stream in a synchronized way from the user's point of view. The system may allow interconnection of multiple parties, multiple connections and the addition or deletion of resources and users within a single communication session
"Outbound System" or "OB"	hardware and software or software-only solutions that facilitate the placement of large volumes of outbound calls in contact service centres. Outbound System can comprise a variety of dialling modes to cater to differing requirements. When these solutions feature statistical algorithms to minimize the time that Agents spend waiting between conversations, while minimizing the occurrence of someone answering when no Agent is available, they are called predictive dialling
"predictive dialling" or "PD"	a telephone control system that automatically calls a list of telephone numbers in sequence, screening out no-answers, busy signals, answering machines and disconnected numbers while predicting at what point a human caller will be able to handle the next call. Predictive dialling tends to be the best mode for large, high volume outbound dialling contact service centres where a great number of Agents need to be matched with a large number of calls
"private branch exchange" or "PBX"	a telephone system within an enterprise that switches calls between enterprise users on local lines while allowing all users to share a certain number of external phone lines
"Professional Services"	the act of providing advice, skills, and expertise to customers, in particular domains, including provision of full range of Consulting Services and Implementation Services

"Public switched telephone network" or "PSTN"	the world's collection of interconnected voice-oriented public telephone networks, both commercial and government-owned
"Real-Time Web Collaboration software"	automates the enterprise front-office operations and facilitates real-time customer interaction through multiple access channels such as telephony, facsimile, text-chat, call back, call through, and Voice and video over Internet Protocol
"Seat" or "workstation"	the physical location with a desktop and/or phone where contact centre agents handle calls
"Secure File Transfer Protocol" or "SFTP"	is a network protocol that provides file access, file transfer, and file management functionality over any reliable data stream, to provide secure file transfer capability. SFTP protocol allows for a range of operations on remote files – it is more like a remote file system protocol
"Selective Recording"	a software application that allows supervisors to monitor agent voice and data interactions on a frequency basis. Such recordings are tapped from the service observe feature of the ACD or PBX
"Skill-based call routing"	skill-based call routing is to assign incoming calls to the most suitable agent, instead of simply choosing the next available agent. With skill-based routing, the skills needed for a particular call are often assessed by the dialed telephone number and the calling number or caller's identity, as well as choices made in any associated IVR system; then the system attempts to match the call to a suitably trained agent with matching skills to provide a better service.
"Speech Technology" or "ST"	comprises mainly ASR, text to speech and speaker verification technologies and, in the context of this prospectus, means ASR only
"Transmission Control Protocol" or "Internet Protocol" or "TCP" or "IP"	the basic communication language or protocol of the Internet and can also be used as a communications protocol in a private network (either an intranet or an extranet)
"Trunk line"	a single transmission channel between two points, each point being either the switching centre or the node, by which a communications system can provide network access to many clients by sharing a set of lines or frequencies instead of providing them individually

"TTS"	Text To Speech system – converts normal language text into speech
"Voice over Internet Protocol" or "VoIP"	an Internet Protocol (IP) telephony term for a set of facilities used to manage the delivery of voice information over the Internet. VoIP involves sending voice information in digital form in discrete packets rather than by using the traditional circuit-committed protocols of the public switched telephone network (PSTN)
"Workforce Management" or "WFM"	workforce management software uses data from ACD or CTI statistics servers to allow contact service centre managers to maintain appropriate levels of customer interaction processing by determining the optimal staffing schedules. This is done by managing and forecasting contact volume and activity changes occurring on an hourly, daily, monthly, or seasonal basis

Forward looking statements contained in this prospectus are subject to significant risks and uncertainties.

This prospectus contains certain forward looking statements relating to our Group that are based on the beliefs of the management of the Company as well as assumptions made by and information currently available to the management of the Company as of the date of this prospectus. These forward looking statements are, by their nature, subject to significant risks and uncertainties. These forward looking statements include, without limitation, statements relating to:

- our Group's business prospects;
- our Group's future developments, trends and conditions in the industry and geographical market in which our Group operates;
- our Group's relationships with its key customers;
- our Group's strategies, plans, objectives and goals;
- our Group's plan to expand its product offerings;
- changes to regulatory and operating conditions in the industry and geographical market in which our Group operates;
- our Group's ability to control costs;
- our Company's dividend policy;
- the amount and nature of, and potential for, future development of our Group's business; and
- certain statements in the section headed "Financial information" in this prospectus with respect to trends in prices, volumes, operations, margins, overall market trends and risk management.

When used in this prospectus, the words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and similar expressions, as they relate to our Group or the management of the Company, are intended to identify forward looking statements. These forward looking statements reflect the views of the management of the Company as of the date of this prospectus with respect to future events and are not a guarantee of future performance or developments. You are strongly cautioned that reliance on any forward looking statements involves known and unknown risks and uncertainties. Actual results and events may differ materially from information contained in the forward looking statements as a result of a number of factors, including:

- any changes in the laws, rules and regulations relating to any aspects of our Group's business operations;
- general economic, market and business conditions, including capital market developments;
- changes or volatility in interest rates, equity prices or other rates or prices;
- the actions and developments of the Company's competitors and the effects of competition in the industry on the demand for, and price of, our Group's products;
- various business opportunities that the Company may or may not pursue;
- persistency levels;
- the Company's ability to identify, measure, monitor and control risks in our Group's business, including the Company's ability to manage and adapt our Group's overall risk profile and risk management practices;
- the Company's ability to properly price our Group's products and establish reserves for future policy benefits;
- fluctuations in the price of raw materials;
- our Group's ability to introduce new products to respond to customers' demands and preferences;
- our Group's production capabilities;
- the effectiveness of our Group's marketing activities;
- seasonal fluctuations; and
- the risk factors discussed in this prospectus as well as other factors beyond the Company's control.

Subject to the requirements of the applicable laws, rules (including the GEM Listing Rules) and regulations, the management of the Company do not intend to update or otherwise revise the forward looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward looking events and circumstances discussed in this prospectus might not occur in the way our Group expects, or at all. Accordingly, you should not place undue reliance on any forward looking information or statements. All forward looking statements in this prospectus are qualified by reference to the cautionary statements set forth in this section.

Prospective investors should carefully consider all information set out in this prospectus and, in particular, should evaluate the following risks described below and associated with an investment in our Company before making any investment decision regarding our Company. Our business, financial condition and results of operation can be materially and adversely affected by any of these risks. The trading price of our Shares may be materially adversely affected by and decline due to any of these risks and you may lose all or part of your investment.

RISKS RELATING TO OUR GROUP

Our revenue and profit sustainability depends on continual growth on the basis of maintaining competitiveness and provision of quality contact services

Our Group has undergone expansion since our Group's commencement of business in 1990, details of our Group's history have been stated in the sub-section headed "Business History" in the section headed "History and Development" in this prospectus. Although our Group recorded revenue of approximately HK$190,632,000, HK$191,147,000 and HK$89,396,000 respectively and net profit of approximately HK$17,495,000, HK$13,754,000 and HK$8,142,000 respectively for the two years ended 31 December 2010, and the six months ended 30 June 2011, the sustainability of our Group's revenue and net profit will depend upon the ability of our Group to maintain its competitiveness in the contact service market and to provide high quality contact services. Given the rising costs in our Group's operation and the competition from other contact service providers in the local market, there is no assurance that our Group can maintain its revenue and profits in the coming years and in that case, the performance of our Group may be adversely affected.

We rely on our major clients in a few industry sectors and may have difficulty in expanding our business into other industry sectors

For the two years ended 31 December 2010 and for the six months ended 30 June 2011, the revenue from our largest client and five largest clients accounted approximately 37% and 67%, 35% and 70%, and 35% and 71% of the total revenue of our Group respectively. Our top five clients are in telecommunications, banking and financial services, and insurance sectors (the "three industry sectors").

Clients in the three industry sectors tend to have a sizable customer base which represents and supports a lot of opportunities for outsourcing contact services on a continual basis to cope with their on-going customer communication activities in providing customer service, retaining customers as well as creating more business from customers. In addition, the demand for contact centre services from clients in the telecommunications, and banking and financial services tends to require for services of some scale. Our Directors believe that these factors are conducive to the fact that any providers of contact centre services in Hong Kong to the telecommunications, and banking and financial services industry might have certain degree of client concentration.

Our Group is actively seeking business opportunities with new clients in the three industry sectors as well as other industry sectors, namely, MPF, business continuity support, retail and health care; while maintaining and consolidating its business and working relationships with existing clients. However, the Directors anticipate that our Group will continue to derive a significant portion of our revenue from the top five clients of our Group. Our Group's business, results of operations and financial condition may be materially and adversely affected, should such key clients cease their business relationships with our Group.

As demand for the services of our Group depends on the level of activities in the three industry sectors and the intensity of market competition in Hong Kong, there is no assurance that the demand for our Group's contact services from the three industry sectors may be maintained or continue to grow in the years ahead. Any increase in competition in the three industry sectors in Hong Kong, particularly from and amongst the other contact service providers of the three industry sectors (who may or may not be our clients), may put downward pressure on the prices of our Group's contact services and products and consequently on our revenue due to reduced service fee and charges upon our Group's provision of relevant contact services.

As part of our strategic development, our Group is contemplating expansion of its business into other industry sectors, namely, MPF, business continuity support, retail and health care. However, such expansion into other industry sectors may involve substantial time and resources at relatively high costs, subject to the business environment and uncertainties in the development of the market economy. In the event that our Group encounters problems or delays in expanding our business into other industry sectors, the business and results of operations and prospects of our Group could be materially and adversely affected.

We have concentration on our major suppliers

Our main cost items are human resources and rental of premises. Our purchases are mainly telecommunications related items. Our Group's purchases from its largest supplier and five largest suppliers accounted for approximately 39% and 91%, 48% and 97%, and 46% and 98% of our Group's total purchases for the two years ended 31 December 2010 and for the six months ended 30 June 2011 respectively. The concentration in certain vendors for our purchases is due to the benefits of using the services of not more than one telecommunications operator, and the fact that providers of contact centre services do not need substantial amounts of purchases and the total number of vendors for purchases is relatively small. One of our largest suppliers during the Track Record Period is also one of our five largest clients and is a telecommunications operator. Our Group is dealing with separate departments of this client and supplier. On this basis, our Directors believe that there is a concentration in vendors for purchases for our Group but there is no reliance. There is no assurance that we will not encounter any interruption, delay or shortage in supplies from these vendors in the future. Any disruption in supplies may materially and adversely affect our business, financial condition, results of operations and prospects.

Our operational infrastructure including the computer system and network may experience unexpected interruption, inadequacy, breakdown or failure

The stability of our Group's services is dependent upon our Group's ability to protect our operational infrastructure including its computer system and equipments against damage or disruption as a result of human error, fire, power loss, telecommunication failure, sabotage, hackers and similar events. Any damage to or failure of our Group's computer system and communication network could result in interruptions in, or termination of the services provided for our Group's clients, which could have a material adverse effect on our Group's business, operation results, financial conditions and reputation as an efficient provider of quality contact service.

In this regard, our Group's operational systems in our Group's contact service centres may be vulnerable to damage from fire, flood, power loss, telecommunication failures, computer virus, hackings and similar events. Any network interruption or inadequacy that causes interruptions in the connectivity of the system of our Group or deterioration in the easiness and quality of access to the system of our Group or failure to maintain the network and server or failure to solve such problems quickly could reduce the satisfaction of our Group's clients. In addition, any security breach caused by hackings, which involve efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses could have a material adverse effect on the business, day-to-day operation, financial condition and results of operations of our Group. Whereas our Group has set up safeguards and implemented measures to protect and monitor the system and database of our Group, there is no assurance that our Group's systems and equipments will be completely free from any disruption, failure, breakdown or unauthorized access into the system and/or the database of our Group.

We are dependent on key management personnel

To a significant extent, the success of our Group depends on the experience, expertise and the continuous services of our Group's executive Directors, namely, Mr. Ling Chiu Yum, Mr. Wong Wai Hon Telly, Ms. Chang Men Yee Carol and Mr. Suen Fuk Hoi. For details in relation to the executive Directors, please refer to the section headed "Directors, Senior Management and Staff" of this prospectus.

The performance of our Group also depends on our ability to retain and motivate its key officers and employees as set out in the sub-section headed "Senior Management" under the section headed "Directors, Senior Management and Staff" of this prospectus. There is no assurance that our Group can retain the continuous services of the executive Directors and members of the senior management. The operations of our Group may be materially and adversely affected if our Group cannot retain their services and replacement cannot be found in a timely and commercially viable manner.

We may fail to secure space for our contact service centres on commercially acceptable terms or renew the existing leases

When our Group expands our contact service centre network by establishing new contact service centres, availability of space at suitable locations on acceptable terms is one of the key factors that our Group has to consider. Since significant investment are involved mainly in the installation of facilities and equipment and decoration of the contact service centres, our Group is cautious in the selection and leasing of premises for our contact service centres. We estimate that total investment of between HK$6 million and HK$7 million is necessary for such costs for one contact service centre.

As at the Latest Practicable Date, our Group has three tenancy agreements for our contact service centres in operation (with two contact service centres located in Kwun Tong, and one located in Kowloon Bay), of which only one tenancy agreement has an option to renew. In addition, the lease term of our Group's contact service centres is 3 years. Among the three tenancy agreements concerning contact service centres entered into by our Group, one will expire in May 2012, another will expire in November 2013, and the remaining one will expire in July 2014. For more details on properties leased by our Group for use as our contact service centres, please refer to the Property Valuation Report from the independent qualified professional valuer as set out in Appendix III to this prospectus. With due regard to the difficulty in leasing premises at suitable locations on commercially acceptable rents given the relatively high rental rates for commercial premises in Hong Kong, our Group may not be able to lease suitable sites for new contact service centres on terms that are acceptable to our Group on the basis of commercial considerations. In such case, our Group's expansion plans and growth prospect may be materially and adversely affected.

Our Group's ability to renew existing leases for contact service centres upon their expiry is important to our operations. Our aggregate rental expenses in respect of contact centre and office premises were approximately HK$5,666,000, HK$6,075,000 and HK$3,006,000 for each of the two years ended 31 December 2009 and 2010 and the six months ended 30 June 2011 respectively.

In the event of relocating contact service centre, our Group shall normally schedule relocation during non-operating hours, weekends or public holidays, in order to minimize any disruption to the existing operation. We estimate that the whole relocation process of contact service centre takes around 6 months and relocation expenses shall cost approximately HK$2 million to HK$3 million. We can try to minimise any disruption to our operations by planning and executing the relocation project before the expiry of the lease for our contact service centre should the need for any relocation arise.

In view of the prevailing rental trends for office premises in Hong Kong, our Group may not be able to renew the existing lease arrangements on terms and conditions that are commercially acceptable to our Group or may have to renew such leases on a more expensive basis, thus increasing the costs of operation of our Group. If our Group fails to renew leases on terms commercially acceptable to our Group, our Group may have to incur additional costs in relocating its contact service centres to less suitable locations and renovating such premises for use as contact service centres accordingly.

We need to recruit and retain competent employees

The Directors believe that an integral part of our Group's success is its ability to recruit and retain employees who have the knowledge, experience and skills in the contact services that our Group provides. In particular, our Group must hire and retain employees with the necessary competence and knowledge of the contact service centre industry so as to maintain and continue to develop our Group's operations. While our Group has been able to recruit and maintain the services of competent employees during the Track Record Period, there can be no assurance that our Group can continue to recruit and/or retain competent employees with the necessary skills and knowledge of the contact service industry in the future.

Labour shortages or increases in labour costs could slow our growth, harm our business and reduce our profitability.

Since contact services operations are highly service-oriented, our success depends in part upon our ability to attract, retain and motivate a sufficient number of qualified employees, including contact service staff. Qualified individuals having the appropriate work experience or are adequately trained are under demand. Any future inability to recruit and retain qualified individuals may delay the planned opening of new contact service centres and could adversely impact our existing operations. Any such delays, material increases in employee turnover rate in existing contact service centres or widespread employee dissatisfaction could have a material adverse effect on our business and results of operations. In addition, competition for qualified employees could also require us to pay higher wages, which could result in higher labour costs.

Moreover, the salary level of employees in the contact services industry in Hong Kong has generally been increasing in the past several years. We may not be able to pass these increased labour costs on to our clients, in which case our business and results of operations would be materially and negatively affected.

We may be exposed to third party liabilities arising from claims due to the nature of service and content of the information delivered by us in our daily operations

As a comprehensive multi-media contact service provider, our Group may face liability for negligence, misrepresentation and other claims based on the nature of service and content of the information delivered through our Group's services.

Our Group could also be subject to claims based upon unauthorized use of personal data, negligence and misrepresentation during the provision of contact services. In providing contact services for its clients, our Group may be held liable for misrepresentation or negligence in delivering relevant information or messages to the customers of our Group's clients. Third parties can lodge claims against our Group for losses incurred in reliance on any erroneous information distributed by our Group. Since our Group has not taken out any insurance policy against the unauthorized use of personal data, our Group may incur significant costs in investigating and defending ourselves against these claims, even if no liability is eventually incurred or found by a court of law in a competent jurisdiction to have been incurred. These claims could have a material and adverse effect on our Group's business.

Our Group's provision of contact services may be critical to the business and operations of its clients. If our Group provides wrong, false or misleading information in delivering its contact services which subsequently adversely affect the business of any client of our Group, we may incur additional costs in rectifying such errors or defending any legal proceedings and claims brought by its clients against our Group. Consequently, this may affect our Group's relationship with such clients and may result in negative publicity to our Group. Any defects or errors in our Group's provision of contact services may result in delayed or lost revenue, adverse customer relationship, negative publicity and additional costs.

We need to have adequate protection for the personal data collected from our clients

Our Group, acting as a comprehensive multi-media contact service provider, has obtained and in its possession in the form of a consolidated database a substantial amount of personal data from its clients, particularly, personal data of individuals contained in the marketing target lists of our Group's clients.

Pursuant to the contracts entered into between our Group and its clients and in compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), our Group is obliged to keep all such data confidential. If there is a breach of confidentiality by our Group and any personal data provided by our Group's clients is leaked to or obtained by third parties as a result of such breach of confidentiality or otherwise, the customers of our Group's clients may take legal action against our Group's clients for damages and/or compensation for losses that may have arisen or been incurred therefrom. Subsequently, our Group's clients may proceed to institute legal proceedings against our Group for indemnities by our Group for payment by our Group's clients of such damages and compensation to their customers as a result of our Group's breach of confidentiality.

Although our Group has implemented internal control procedures to safeguard the security and confidentiality of its database, there is no assurance that there will not be any leakage of personal data or unauthorized access to our Group's database to obtain personal data, which may adversely affect our Group's business, operation and reputation.

Given the large number of customers of our Group's clients, should the customers of our Group's clients take action against our Group's clients, this could materially adversely affect our Group's reputation and business relationship with its clients, which would in turn affect our Group's business operation and financial results.

The Effect of the UEMO on the Group's business

Our Group does not use any address harvesting software but sends commercial electronic messages in the form of short message on behalf of our clients based on the customer lists provided by our clients. Our business is conducted in compliance with UEMO.

For details of the Group's existing business and systems used in its daily operations, please refer to the paragraphs headed "Our Services and Products" and "Research and Development" in the section headed "Business" of this prospectus. Our Directors consider that our Group's current business activities comply with the UEMO. However, there can be no assurance that the Group's future business activities will not fall under the scope of the UEMO. Should this happen, the Group's operations may be adversely affected by the costs and time involved in ensuring that the Group's activities comply with the UEMO which may adversely affect the business, results of operation and financial position of the Group.

We may encounter difficulty in achieving our business objectives

Our business objectives as set out in this prospectus are based on our Group's existing plans and intentions. As they are formulated at the initial stage, these plans and intentions are subject to risks and uncertainties inherent in various stages of our Group's development. The formulation of such plans and objectives are based on the assumptions as to the occurrence of future events (including but not limited to there being no material changes in the existing political, legal, fiscal, business, economic and/or market conditions and environment in Hong Kong, no material changes in the bases or rates of taxation in Hong Kong, and no significant changes in our Group's business relationship with its existing clients), which may or may not happen. There is no assurance that the future plans of our Group will materialize, or be concluded in accordance with our Group's intentions and schedule, or that the objectives of our Group will be fully or partially accomplished. Our Group's business, operation results and financial position may be materially and adversely affected if our Group's future plans do not materialise and its business objectives are not achieved.

Our business may be adversely affected by any negative publicity or news on ePRO Limited, a third party company not connected with us due to the close resemblance between the name of certain subsidiaries of our Group and that of ePRO Limited.

The name of certain subsidiaries of our Group "Epro" bears a close resemblance to the name of ePRO Limited which is a company whose shares are listed on the GEM of the Stock Exchange on which our Group is seeking a listing. There is no relationship between ePRO Limited and the subsidiaries of our Group save that ESL was one of the substantial shareholders of our Group from 1990 to 1992 and ESL subsequently became a wholly-owned subsidiary of ePRO Limited on 8 July 2000. However, when ESL ceased to be a shareholder of our Group in 1992, ESL agreed that our Group can use the name "Epro Telecom" to develop its business. Notwithstanding the aforesaid, there is no assurance that investors will not be confused by the name of certain subsidiaries of our Group with that of ePRO Limited and that our business will not be adversely affected in the event of any negative publicity or news on ePRO Limited.

Our dividend payment level during the Track Record Period cannot be taken as references of future dividends

During the Track Record Period, our Group has declared dividends of approximately HK$20,000,000, HK$19,000,000 and HK$16,500,000 for each of the two years ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively. Whilst the Company intends to make dividend payments in the future, the amount of dividends to be declared will be subject to, among other things, the full discretion of the Directors, taking into consideration the amount of earnings, financial position, cash requirements and availability, the provisions of applicable laws and regulations and other relevant factors. The dividend distribution record during the Track Record Period should not be used as reference or basis to determine the level of dividends that may be declared by the Company in the future.

The interests of our Controlling Shareholders may differ from that of other Shareholders

Immediately following the Placing and the Capitalization Issue, the Controlling Shareholders collectively will beneficially own 75% of the Shares (assuming no exercise of the Offer Size Adjustment Option and taking no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme). The interests of the Controlling Shareholders may differ from the interests of other Shareholders.

The Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the assets, appointment of Directors and other significant corporate action. In cases where their interests are aligned and they vote together, the Controlling Shareholders will also have the power to prevent or cause a change in control. Without the consent of some or all of the Controlling Shareholders, the Company may be prevented from entering into transactions that could be beneficial to the Company. In addition, such Controlling Shareholders are also the controlling shareholders and senior executive officers of certain other companies that are outside our Group. There is no assurance that the Controlling Shareholders will act completely in the interests of our Group or that conflicts of interest will be resolved in favour of our Group.

Our net cash outflows from operating activities may expose us to liquidity risk

The Group recorded net cash outflows from operating activities for the six months ended 30 June 2010 and 2011.

The net cash outflow for the six months ended 30 June 2010 of approximately HK$9.1 million is mainly attributable to: (i) payments of trade and other payables of approximately HK$8.8 million, which was mainly due to payment of year-end bonuses to employees; (ii) amounts advanced to related companies of approximately HK$13.8 million; and (iii) acquisition of unlisted security of approximately HK$3.3 million.

The net cash outflow for the six months ended 30 June 2011 of approximately HK$1.2 million is mainly attributable to: (i) payments of trade and other payables of approximately HK$9.7 million, which was mainly due to payment of year-end bonuses to employees; and (ii) amounts advanced to related companies of approximately HK$6.4 million.

Our net cash outflows from operating activities expose us to liquidity risks and there is no assurance that we will not have net cash outflows from operating activities in the future. Our future liquidity and the payment of trade and other payables as and when they become due will primarily depend on our ability to maintain adequate cash inflows from operating activities and adequate external financing. These could be affected by numerous factors including our future operating performance, prevailing economic conditions such as increased market competition and decreased demand for our services, many of which are beyond our control.

Our profitability for the current financial year might be negatively affected by the increase in total expenses as a result of the listing expenses

We have not included a profit forecast for the year ending 31 December 2011 in the prospectus. However, in view of the expenses relating to the Listing in the aggregate amount of approximately HK$15 million, of which approximately HK$13.5 million is to be accounted for as a deduction from equity and approximately HK$1.5 million is expected to be recognized as expenses in the six months ending 31 December 2011, the total expenses of our Group for the six months ending 31 December 2011 will likely increase significantly compared to that for the six months ended 30 June 2011, and the corresponding six month period in the previous financial year. As a result of such significant increase in total expenses, net profit for the six months ending 31 December 2011 might also be negatively affected. Given this, the profitability of our Group for the six months ended 30 June 2011 might not necessarily give any indication of, and should not be interpreted as a guidance for, the total profits of our Group for the year ending 31 December 2011.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

We need to keep up with rapid changes in information and communication technology

The industry in which our Group operates is subject to rapid changes in information and communication technology. There can be no assurance that our Group can offer, or develop the expertise, experience and resources to offer, contact services to its clients on a timely and competitive basis with the benefit and in the context of the latest information and communication technology. Our Group may incur significant costs in developing the operational systems and building up such resources and expertise in order to make use of the latest information and communication technology in the provision of contact services to and for its clients.

If our Group cannot keep abreast of technological developments in the contact service industry and provide its contact services to and for its clients with the latest information technological devices and communication techniques, this may have an adverse effect on the demand for its contact services, its results of operations and financial condition.

We have to be able to maintain our competitiveness against our competitors

Our Group faces intense competition in the contact service market in which it carries on its business and provides contact services to and for its clients. The Directors expect that competition will continue and may become stronger in the future. There is no assurance that our Group can maintain and enhance its competitive strengths at all times and that competitors will not develop the expertise, experience, operational systems and resources to provide such contact services on a more competitive basis in terms of price and quality as compared to the contact services provided by our Group.

We may be exposed to the risk of our unpatented WISE-xb System being copied and used by our competitors

Our Group did not apply for a patent for our self-developed WISE-xb System taking into account factors including the risk of disclosing the technical details and specifications of the WISE-xb System, which is considered a trade secret of our Group. There is no assurance that our Group can maintain our exclusive use of the WISE-xb System in the provision of our contact services and that our competitors will not become aware of such technical details and specifications of the WISE-xb System and copy and make use of them in the development of their own contact service systems.

There may be changes in the regulatory environment

There is no legal requirement at present in force pursuant to which our Group must obtain any licence, approval or consent to operate as a contact service provider in Hong Kong. For the provision of insurance related services, our Group is required to register as a valid insurance agency at The Hong Kong Federation of Insurers. If the Hong Kong government imposes any such law and/or regulations, our Group's business may be materially affected as extra costs and resources and changes to our Group's operational systems and model will be incurred in complying with such laws and regulations. There can be no assurance that there will not be any changes in the regulatory environment and legal framework in respect of the contact service industry in Hong Kong. If our Group expands into other geographical markets other than Hong Kong, our Group shall need to obtain any appropriate licences or approvals.

RISKS RELATING TO THE PLACING

The Placing is not underwritten

The Placing is managed by the Sole Bookrunner on a best effort basis but is not underwritten. Therefore, there is no guarantee that the Placing will proceed as scheduled. Should the amount of gross proceeds of the Placing raised be less than HK$42 million, the Placing will not proceed.

There has been no prior public market for our Shares, and the liquidity, market price and trading volume of our Shares may be volatile

Prior to the Placing, there was no public market for our Shares. The Placing Price was determined as a result of negotiations between the Sole Bookrunner and our Company. The Placing Price may differ significantly from the market price for the Shares following the Placing. We have applied for the listing of and permission to deal in our Shares on GEM. However, even if approved, being listed on GEM does not guarantee that an active trading market for our Shares will develop following the Placing or that our Shares will always be listed and traded on GEM. We cannot assure you that an active trading market will develop or be maintained following the completion of the Placing, or that the market price of our Shares will not decline below the Placing Price.

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flows and announcements of new investments, strategic alliances and/or acquisitions, fluctuations in market prices for our products and services or fluctuations in market prices for comparable companies could cause the market price of our Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade.

In addition, shares of other comparable companies listed on GEM have experienced substantial price volatility in the past, and it is likely that from time to time, the Shares will be subject to changes in price that may not be directly related to our financial or business performance.

Investors may experience dilution if we issue additional Shares in the future

We may need to raise additional funds in the future to finance expansion of or new developments relating to our existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the Placing Shares.

Any sales by our Controlling Shareholders or Substantial Shareholders of a substantial number of our Shares in the public market could materially and adversely affect the market price of our Shares

We cannot assure you that our Controlling Shareholders or Substantial Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after completion of the Placing. We cannot predict the effect, if any, that any future sales of Shares by any Controlling Shareholders or Substantial Shareholders, or the availability of Shares for sale by any Controlling Shareholders or Substantial Shareholders may have on the market price of our Shares. Sales of substantial amounts of Shares by any Controlling Shareholders or Substantial Shareholder or the market perception that such sales may occur, could materially and adversely affect the prevailing market price of our Shares.

RISK RELATING TO STATEMENTS IN THIS PROSPECTUS

Certain facts and statistics in this prospectus are derived from various sources compiled by market research agencies and may not be reliable

Certain facts, forecasts and statistics in this prospectus including those relating to the contact service centre industry, the local economy and the operation of contact service centres in a local business environment under certain market conditions have been derived from various sources compiled by market research agencies. We believe that the sources of such facts and statistics are appropriate sources for such facts, forecasts and statistics and have taken reasonable care in extracting and reproducing such facts and statistics in this prospectus. We have no reason to believe that such facts and statistics are false or misleading or that any fact has been omitted that would render such facts and statistics false or misleading. The facts and statistics have not been independently verified by us, the Sole Sponsor and the Sole Bookrunner, or any of their respective affiliates or advisors or any other party involved in the Placing and no representation is given as to the accuracy and completeness of such facts and statistics. Therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics from sources referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other economies and should not be relied upon. Furthermore, we cannot assure you that the facts and statistics as set out in this prospectus are so stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such facts or statistics as they are so stated in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

(a) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive; and

(b) there are no other matters the omission of which would make any statement herein or this prospectus misleading.

Printed copies of this prospectus are available, for information purposes only, at the offices of Mizuho Securities Asia Limited at 12th Floor, Chater House, 8 Connaught Road Central, Hong Kong after 4:30 p.m. on 30 December 2011 and thereafter during normal office hours from 9:00 a.m. to 5:00 p.m. from 3 January 2012 up to and including 5 January 2012.

THE PLACING IS NOT UNDERWRITTEN

This prospectus is published solely in connection with the Placing which is sponsored by the Sponsor. The Placing is managed by the Sole Bookrunner on a best effort basis and is not underwritten. Particulars of the placing arrangements are set forth in the section headed ''Structure and conditions of the Placing'' of this prospectus. Should the amount of gross proceeds raised under the Placing be less than HK$42 million, the Placing will not proceed.

PLACING PRICE

The Placing Shares are being offered at the Placing Price of HK$0.60 per Placing Share.

PLACING SHARES TO BE OFFERED IN HONG KONG ONLY

As at the Latest Practicable Date, no action had been taken to permit the offering of the Placing Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstance in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. No invitation may be made directly or indirectly by or on behalf of our Company to the public in the Cayman Islands to subscribe for or purchase any of the Placing Shares.

The Placing Shares are offered for subscription solely on the basis of the information contained, and the representations made, in this prospectus. No person is authorized in connection with the Placing to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor and the Sole Bookrunner, any of their respective directors or employees or agents or any other persons involved in the Placing.

Each person acquiring the Placing Shares will be required to confirm and is deemed by his acquisition of the Placing Shares to confirm that he is aware of the restrictions on offers of the Placing Shares described in this prospectus and that he is not acquiring, and has not been offered any Placing Shares, in circumstances that contravene any such restrictions.

Prospective applicants for Placing Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Placing Shares should inform themselves as to the relevant legal requirements of applying for the Placing Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON GEM

Our Company is able to satisfy the requirements relating to adequate trading record of at least two financial years, positive cash flow from operating activities carried out by our Group in the ordinary course of business, continuity of ownership and control throughout the full financial year immediately preceding the Latest Practicable Date and up until the Listing Date, and having been under the same management throughout the two financial years immediately preceding the issue of this prospectus and up until the Listing Date pursuant to Rules 11.12A(1), 11.12A(2) and 11.12A(3) of the GEM Listing Rules.

Our Company has applied to the Listing Division for the listing of and permission to deal in its existing issued Shares, the Shares to be issued pursuant to the Placing and upon the Capitalization Issue (including the Placing Shares and any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and of any options which may be granted under the Share Option Scheme) or as otherwise described in the prospectus on GEM. Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of the Company must at all times be held by the public. Accordingly, at the time of the listing of the Shares on GEM and at all times thereafter, our Company must maintain the "minimum prescribed percentage" of 25% of the issued share capital of our Company in the hands of the public. A total of 70,000,000 Placing Shares representing 25% of the Company's enlarged issued share capital will be made available for subscription and will be in the hands of the public immediately following the completion of the Placing and the Capitalization Issue (assuming that the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

No part of our Company's share or loan capital is listed, traded or dealt in on any other stock exchange. As at the Latest Practicable Date, our Company was not seeking or proposing to seek a listing of, or permission to deal in, any part of its share or loan capital on any other stock exchange.

Under Section 44B(1) of the Companies Ordinance, any allotment or transfer made in respect of the Placing Shares under the Placing in pursuance of this prospectus shall, whenever made, be void if permission for the listing of, and dealing in, the Shares on GEM has been refused before the expiration of three weeks from the date of closing of the Placing or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Listing Division.

Only securities registered on the branch register of members of the Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the Placing Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasized that none of our Company, the Directors, the Sole Sponsor, the Sole Bookrunner and their respective directors, supervisors, agents or advisers or any other persons involved in the Placing accepts responsibility for any tax effects on, or liability of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Shares or the exercise of their rights thereunder.

SHARE REGISTRARS AND STAMP DUTY

All of the Shares including the Placing Shares will be registered on the Hong Kong branch register of members of our Company to be maintained in Hong Kong by our Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Dealings in the Shares registered in our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty but will not be subject to the Cayman Islands stamp duty. Our Company's principal register of members will be maintained in the Cayman Islands by our principal share registrar and transfer office, Codan Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Listing Division grants the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or, under contingent situation on any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Applicants for the Placing Shares should seek the advice of licensed securities dealers or other professional advisers for details of those settlement arrangements as such arrangements will affect your rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE SHARES AND SETTLEMENT

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on 9 January 2012.

Shares will be traded in board lots of 4,000 Shares each.

The GEM stock code for the Shares is 8031.

Our Company will not issue any temporary document of title.

Dealings in the Shares on GEM will be effected by participants of GEM and the bid and offer of transactions amongst them on GEM is required to take place in CCASS on the second Business Day after any trading day. Only certificates for Shares registered on the Hong Kong branch share register of our Company will be valid for delivery in respect of transactions effected on GEM. If you are not sure about the procedures for dealings in the Shares and settlement arrangement on GEM and how such arrangement will affect your rights and interests, you should consult your stockbroker or other professional advisers.

STRUCTURE AND CONDITIONS OF THE PLACING

Details of the structure and conditions of the Placing, including the Offer Size Adjustment Option, are set out in the section headed "Structure and conditions of the Placing" in this prospectus.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed therein are due to rounding.

Name	Address	Nationality
Executive Directors		
Ling Chiu Yum **(凌炤鑫)**	Flat B, 2nd Floor, Kiu Sen Court, 70 Conduit Road, Mid-levels, Hong Kong	Chinese
Wong Wai Hon Telly **(黃偉漢)**	Flat A, 5th Floor, Rhine Heights, Shatin 33, 16 Sui Wo Road, Fotan, New Territories, Hong Kong	Chinese
Chang Men Yee Carol **(張敏儀)**	Flat C, 14/F., Block 1, Flora Garden, 7 Chun Fai Road, Jardine's Lookout, Hong Kong	Chinese
Suen Fuk Hoi **(孫福開)**	Flat A, 29/F., Tower 2, Nan Fung Plaza, 8 Pui Shing Road, Tseung Kwan O, Kowloon, Hong Kong	Chinese
Independent non-executive Directors		
Phung Nhuong Giang **(馮潤江)**	130 Tanjong Rhu Road, #06-20 Pebble Bay, 436918 Singapore	Australian
Wong Sik Kei **(王錫基)**	1st Floor, Block 12B, Wah On Villa, 138 San Wai, Yuen Long, New Territories, Hong Kong	Chinese
Ngan Chi Keung **(顏志强)**	Flat 7, 22/F, Block G, Kam Ying Court, Ma On Shan, New Territories, Hong Kong	Chinese

Sole Sponsor, Sole Bookrunner and Sole Lead Manager	Mizuho Securities Asia Limited 12/F., Chater House, 8 Connaught Road Central, Central, Hong Kong
Legal advisers to our Company	*As to Hong Kong laws* Michael Li & Co. 14th Floor, Printing House, 6 Duddell Street, Central, Hong Kong *As to Cayman Islands law* Conyers Dill & Pearman Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands
Legal advisers to the Sole Sponsor, Sole Bookrunner and Sole Lead Manager as to Hong Kong laws	P. C. Woo & Co. 12th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
Auditors and reporting accountants	HLB Hodgson Impey Cheng *Chartered Accountants* *Certified Public Accountants* 31st Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong
Property valuer	DTZ Debenham Tie Leung Limited 16/F., Jardine House, Central, Hong Kong

Registered office	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
Headquarters and principal place of business in Hong Kong	Room 601-603, New Bright Building, 11 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Company website	www.etsgroup.com.hk *(information on this website does not form part of this prospectus)*
Authorized representatives	Wong Wai Hon, Telly Flat A, 5th Floor, Rhine Heights, Shatin 33, 16 Sui Wo Road, Fotan, New Territories, Hong Kong Ling Chiu Yum Flat B, 2nd Floor, Kiu Sen Court, 70 Conduit Road, Mid-levels, Hong Kong
Company Secretary	Suen Fuk Hoi, *CPA*
Compliance officer	Chang Men Yee, Carol
Audit Committee	Ngan Chi Keung (Chairman) Phung Nhuong Giang Wong Sik Kei
Remuneration committee	Phung Nhuong Giang (Chairman) Ngan Chi Keung Wong Sik Kei Wong Wai Hon, Telly

Principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

This section contains information and statistics relating to the industry in which we operate. We have derived such information and data from independent industry reports from Frost & Sullivan on contact centre, contact centre services and contact centre applications which were issued in 2010 as general market studies and not related to the Listing. We have obtained the right to use and reproduce the contents of the relevant reports including "Asia Pacific Contact Center Services Market CY 2009", "Assessment of Asia Pacific Contact Center Market, CY 2010" and "Asia Pacific Contact Centre Applications Market CY 2010" and certain updated data for 2010 provided by Frost & Sullivan in this prospectus upon payment of a fee of US$34,500 and without any commission.

Our Directors believe that, given the relatively small size of the Hong Kong market, no published information on the contact centre market is available from research institutes, and the information extracted in this section which primarily relates to the contact centre services and applications markets in Asia Pacific and Greater China is the most relevant information available for the reference of the investors. Our Directors consider that there are different industry attributes in different geographical markets for the contact centre market; however, there are also similarities among them and the information in Asia Pacific and Greater China does provide some reference to the situation for the Hong Kong market in which our Group currently operates in.

We believe that the source of this information is appropriate source for such information. We have taken care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information extracted from the reports of Frost & Sullivan has not been independently verified by the Company, the Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, any other party involved in the Placing or their respective directors, officers, employees, advisers or agents and no representation is given as to its accuracy.

FROST & SULLIVAN

The information relating to business, background and credentials of Frost & Sullivan in this section is based on the information provided by Frost & Sullivan.

Business, background and credentials

Frost & Sullivan was founded in 1961, has more than 40 offices around the world and has a team of more than 1,800 in-country analysts worldwide. In the 1970s, Frost & Sullivan established a European headquarters in London and developed the first Pan-European growth consulting reports. In the 1990s, Frost & Sullivan expanded into Asia with the establishment of research and consulting offices in Singapore, China, India, and Japan.

Frost & Sullivan is engaged in the area of technology research, market research, economic research, corporate best practices, training, customer research, competitive intelligence, and corporate strategy. It provides a subscription-based program that provides their clients with readily available researches. It also provides customized consulting program. Frost & Sullivan's research programs cover the various markets including aerospace and defence, automotive and transportation, chemicals, materials and food, energy and power systems, environmental and building technologies, healthcare, industrial automation and electronics, information and communication technologies.

Parameters and assumptions

Based on the information provided by Frost & Sullivan, it has adopted the following general parameters and assumptions when the data and statistics were prepared:

- Frost & Sullivan employs proprietary Market Engineering Research Process to analyze specific markets in depth to offer understanding of each sub-market that is tracked as part of the process to establish market sizing and other quantitative information.

- The analysis of the industry in specific country is done for a 9 year period. Base year refers to the current year when the study is conducted which is 2009 or 2010 for the different research papers in this section. Market data is forecasted for 6 years in future based on analysis of developing market conditions (drivers and restraints) and their degree of impact in the short (1-2 years), medium (3-4 years) and long term (5-6 years).

- Quantitative market information is estimated based primarily on interviews with the key industry participants from both supply and demand sides. Frost & Sullivan puts best effort to validate all quantitative information shared by manufacturers or users, but it will not be responsible for any incorrect information supplied.

- All revenue numbers are based on end-user pricing. All revenue numbers are in US dollars.

- Revenues in the report relating to contact center application market represent product licence revenues. Revenues associated with professional services and maintenance are part of the contact center services study.

Frost & Sullivan believes that in accordance with its proprietary research methodology, the manner in which it derives, the statistics are reliable and true to market conditions as per when the research was conducted, which is calendar year 2009 or 2010. The research reports have not been updated.

Actual and forecast figures

All data before and up to the base year as specified in the notes to the respective tables and charts in this section is actual figures and all data beyond the base year represents forecast figures.

Forecasting methodology

As confirmed by Frost & Sullivan, their forecasting methodology has integrated several forecasting techniques with the market engineering measurement-based system. The forecasting methodology is a seven-step system shown as follows that maximizes the credibility and accuracy of the forecasts.

1. Market Engineering Research Process Completed

   The market engineering research process provides the navigational measurements of current market position and trends, which become the basis of the forecast.

2. Measurements and Challenges Analyzed over Time

   Measurements and challenges are analyzed over time to provide additional insights into their potential impact on the market size and development.

3. Identification of Market Drivers and Restraints

   At this stage, the analyst specifies the factors that will drive the market forward in terms of revenues and determines the elements that will inhibit growth.

4. Expert-Opinion Integration with Analyst Team

   The interview process includes a variety of industry experts, competitors and key customers. These experts' opinions on the direction of the market are integrated with the data and analysis already created.

5. Forecasts Calculated

   At this stage, analysts collect the market data needed to create the initial forecast scenarios. Each scenario is assessed to determine the most probable outcome for the market size. For example, the forecasts are matched to the leading economic indicators and drivers for each specific industry.

6. Delphi Technique Integration, If Needed

   If data and forecast scenarios conflict, it becomes necessary to again discuss the market forecasts with the industry experts interviewed in the research process.

7. Quality Control within Research Department

   Once the forecasts are integrated into the market section, they are verified by other team members in the industry research group, and the research director. The forecasts are also ensured for mathematical accuracy and internal consistency by the final review preparation department and the editing department.

Market Share

The market share as set out in this section is the measurement of the portion of the annual market a market player is able to capture in terms of market revenue during the year of measurement. It is determined by dividing the total market revenue by revenue of the individual market player. Frost & Sullivan adopts a "bottom-up market engineering" methodology by interviewing each key industry competitor and deriving each company's annual revenue from the market. To calculate the total market size, Frost & Sullivan's analyst first cross-verifies all measurements, then adds them to derive the final measurement of the total market.

As confirmed by Frost & Sullivan, it is industry practice to use the above criteria to determine market share.

ASIA PACIFIC CONTACT CENTRE SERVICES MARKET

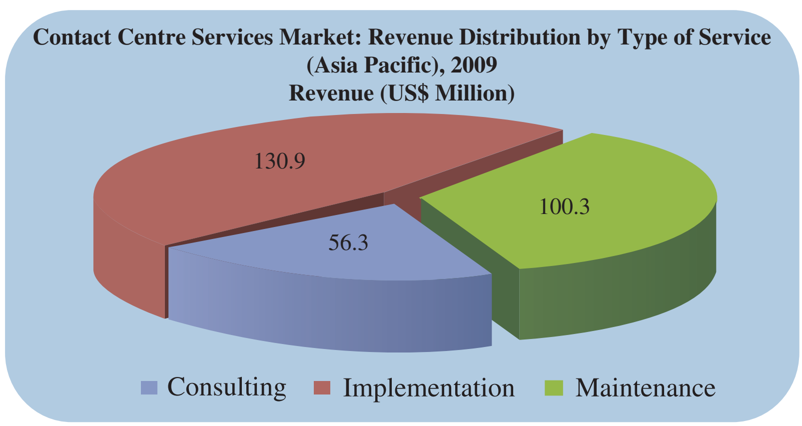
Key Market Trends

The global economic downturn in late 2008 had significant impact on the regional contact centre services market as uncertainty in the business environment saw investment freezing up in many cases. This caused the overall Asia Pacific contact centre services market to shrink by 10.5% in 2009 compared to 2008. The Asia Pacific contact centre services market is valued at US$287.5 million with a healthy CAGR of 14.2% from 2009 through 2016. The Asia Pacific market is on the upswing benefitting from the growing presence of multi-national enterprises and their increasing focus on pursuing excellence in customer services. Furthermore, as many mature markets in the region witness rapid internet protocol migration, this has come as a strong boost to the adoption of professional services in the contact centre as well. The contact centre services ecosystem comprises vendors, system integrators and service providers. A majority of the players work in tandem with key partners who compliment each others' services to create a single and seamless deliverable. Internet protocol migration coupled with the consolidation of contact centre locations is driving demand for implementation and integration services. Consulting services are in a nascent growth stage, with greater adoption in the mature markets such as Australia, Japan, and South Korea where contact centre deployments increase in complexity. Maintenance services are increasingly being demanded as a basic offering in a services contract. As such, price points associated with this segment are set to decline, driving service providers to diversify their service portfolio.

Contact Centre Services Market: Market Engineering Measurements (Asia Pacific), 2009

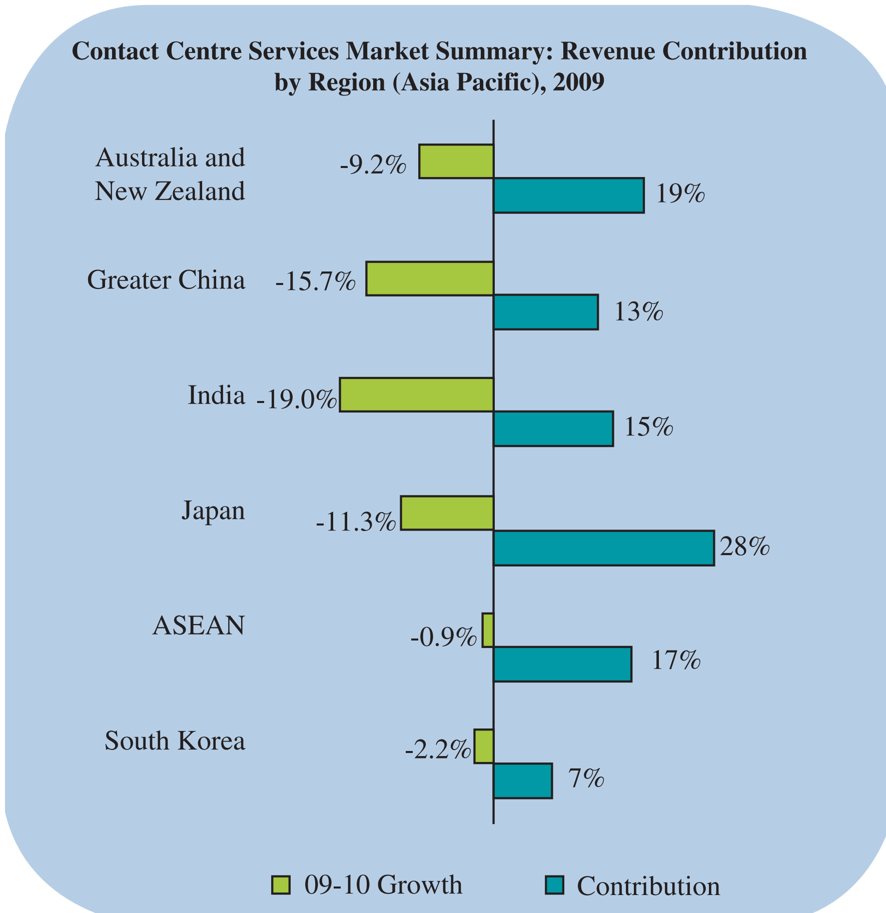
Measurement Name	Measurement	Trend
Market age	Inception	Increasing
Revenues (CY 2009)	US$287.5 million	Increasing
Potential revenues (2016)	US$616.6 million	Increasing
Base Year Market Growth Rate	(10.5%)	Increasing
CAGR (2009-2016)	11.5%	Decreasing
Saturation (current/potential)	46.6%	Stable
Price sensitivity	High	Stable

Notes:
All figures are rounded; the base year is 2009. Source: Frost & Sullivan



Notes:
All figures are rounded; the base year is 2009. Source: Frost & Sullivan

ASIA PACIFIC CONTACT CENTRE SERVICES MARKET — ALL PRODUCTS MARKET



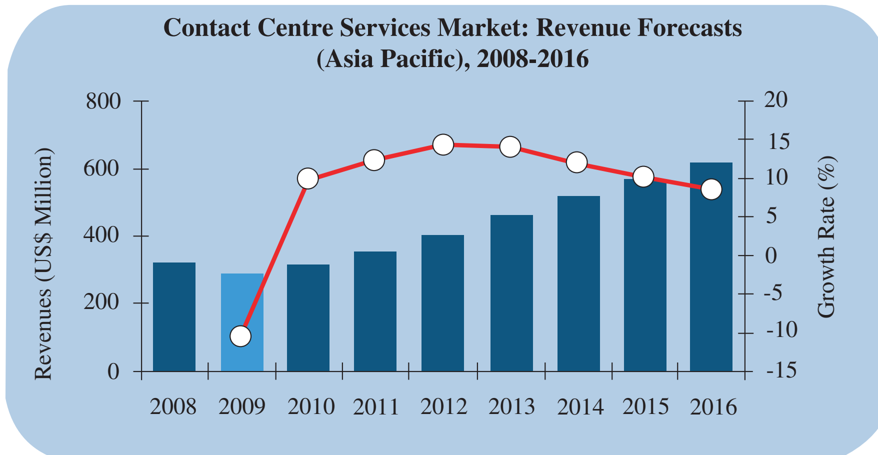
Note:

All figures are rounded; the base year is 2009. Source: Frost & Sullivan

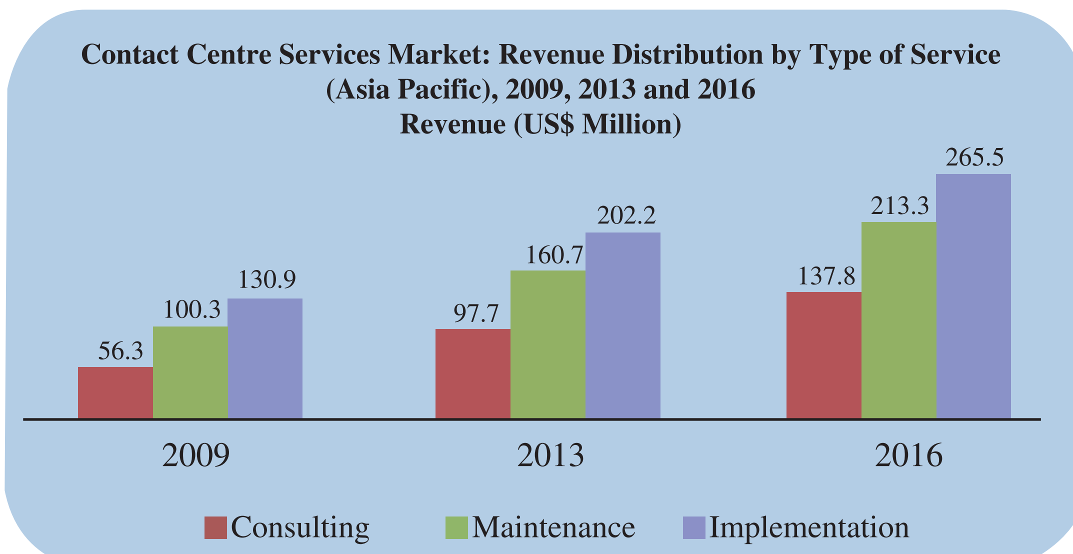
Trends by region

The global economic downturn in late 2008 caused markets across the region experience various degrees of strain in 2009. Such impact was greater in relatively bigger, matured and advanced markets. The Asia Pacific contact centre market showed great signs of recovery and demand for services is poised to grow steadily. The mature markets in the Asia Pacific region include Australia, Japan and South Korea which lead in technology adoption. While the BFSI and telecommunications verticals continue to dominate these markets, the government sector is investing in contact centres and related professional services. The market was boosted by the large outsourced contact centre market, e-governance initiatives by central and some state governments. Growth in domestic demand for contact centre services is likely to grow fastest in the region. The Greater China region is poised for strong growth with China leading the demand with high foreign investment in the market and a surge in domestic demand. Other leading verticals include the BFSI sector in Hong Kong and the manufacturing and government sectors in Taiwan. Although the contact centre applications markets in the ASEAN saw some decline due to the global economic downturn, channels were able to mitigate their losses by increasing the value of the services component of deals. Domestic demand was a key driver in the region, and markets like Malaysia, the Philippines and Vietnam saw growth.

ASIA PACIFIC CONTACT CENTRE SERVICES MARKET — SERVICES MARKET



Note:
All figures are rounded; the base year is 2009. Source: Frost & Sullivan



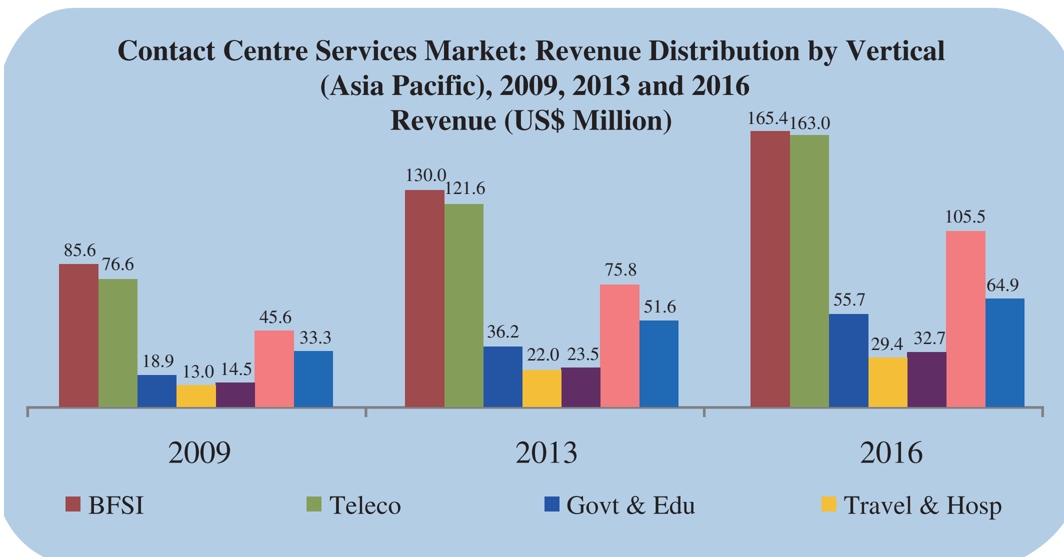
Note:
All figures are rounded; the base year is 2009. Source: Frost & Sullivan

Market Drivers

Rapid development of internet protocol infrastructure in the region, coupled with a growing interest in solutions based on internet protocol has created much opportunity for the consultation and implementation of internet protocol contact centres and ongoing maintenance services. As contact centres started to be perceived as more strategic than just a cost centre, service providers and system integrators are increasingly demanding advanced applications and more customized solutions. This is expected to drive adoption of professional services in the region in the forecast period. Growing adoption of small to mid sized contact centres among small and medium enterprises as well as the government sector across the region is expected to drive demand for professional services.

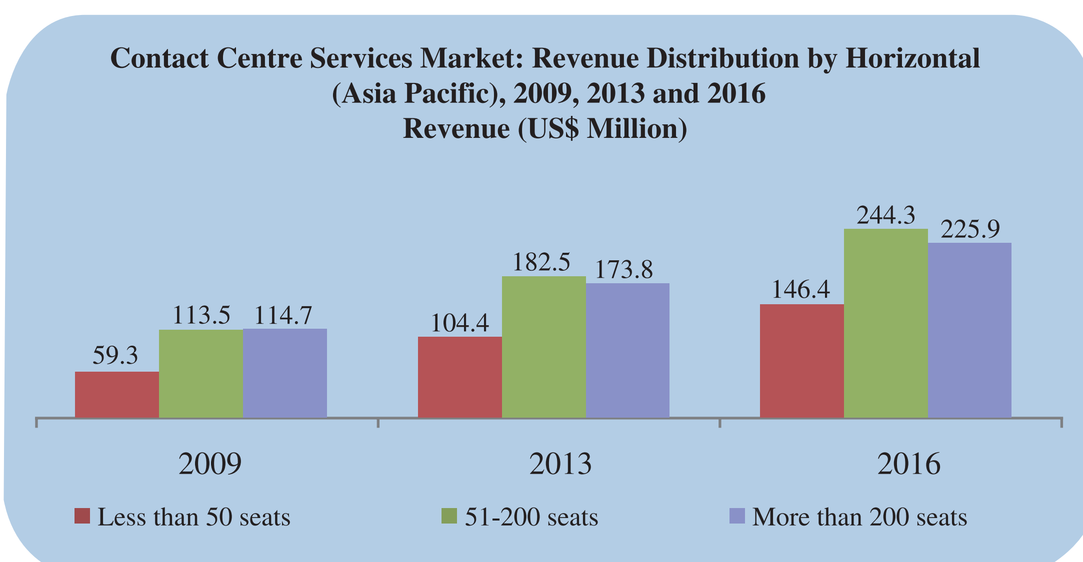
Market Restraints

Perceived high costs in some service segments like consulting and implementation deters the uptake of professional services. A large segment of the market seems to be content with their existing state in terms of capability. Hence, it is unlikely that advanced and perhaps complex applications are explored. Such mindset poses a big challenge for all types of related professional services. Declining margins and price points for maintenance services in an increasingly competitive market dampen growth prospect to a large extent.



Note:

All figures are rounded; the base year is 2009. Source: Frost & Sullivan (including the forecasts)



Note:

All figures are rounded; the base year is 2009. Source: Frost & Sullivan (including the forecasts)

Adoption Trends

The BFSI, telecommunications and outsourcing sectors have traditionally been early adopters of professional services related to a contact centre, and together they contribute over 72% of the revenue. With a growing number of contact centres in multiple locations across the region and even within markets, spending on technology is expected to rise. Moreover, the lack of sufficient in-house information technology expertise in many industry sectors is set to spur demand for implementation, integration and maintenance services. The government sector in many markets across the region is attracting service providers and system integrators with its growing number of contact centre set-ups in line with a number of e-governance initiatives of many agencies. The government and education sector appears to be the fastest growing sector during the forecast period. Deployment range form larger centres supporting transport and education initiatives, as well as small to medium centres for citizen-centric service functions. Many countries like Japan, Singapore, Australia, South Korea and Hong Kong are leading in adoption while India and China are following suit. The manufacturing, travel and hospitality sectors are some emerging verticals in Japan, India and the ASEAN markets. Growing awareness among small and medium enterprises leads to greater adoption of contact centre services and demand for more customized applications to fine tune customer service functionalities. The uptake of advanced application is still restricted to large centres with pricing structures playing a major role in decision making.

Asia Pacific Contact Centre Services Market: 2010

Contact Centre Services Market Summary: Revenue Contribution by Region (Asia Pacific), 2010

Asia Pacific	Australia and New Zealand	Greater China	India	Japan	South Korea	ASEAN	Asia Pacific
Total Revenue (US$)							
Total Revenue in 2010	198,448,250	186,989,394	97,479,720	275,577,345	86,198,127	150,636,517	995,329,353
Revenue Growth (%) in 2010	9.3%	7.1%	11.6%	4.5%	2.5%	10.1%	7.2%
Total Revenue in 2009	181,514,480	174,616,900	87,314,000	263,836,513	84,107,981	136,800,414	928,190,288

Source: Frost & Sullivan

Contact Centre Services Market: Revenue Forecasts (Asia Pacific), 2009-2017

Market	Market Forecast Revenue (US$)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	CAGR
Australia and New Zealand	54,921,643	59,933,071	66,645,575	74,976,272	85,322,998	98,292,094	110,578,605	121,304,730	130,766,499	11.8%
Greater China	37,943,129	41,044,500	45,641,485	51,711,802	57,968,930	64,171,606	70,460,423	76,801,861	83,483,623	10.7%
India	43,559,808	47,016,263	53,598,540	63,139,080	75,451,200	91,069,599	107,735,336	124,434,313	139,988,602	16.9%
Japan	79,535,273	93,293,570	99,450,946	105,418,002	112,586,427	119,904,544	127,938,149	136,254,128	144,838,138	6.5%
ASEAN	50,248,491	55,330,008	61,692,959	70,453,359	82,078,163	94,636,122	107,411,999	119,549,554	130,906,762	13.1%
South Korea	21,274,507	22,178,365	23,730,850	26,459,898	30,164,284	33,934,819	37,158,627	40,131,317	42,940,510	9.9%
Asia Pacific	287,482,851	318,795,778	350,760,355	392,158,414	443,572,002	502,008,784	561,283,138	618,475,904	672,924,134	11.3%

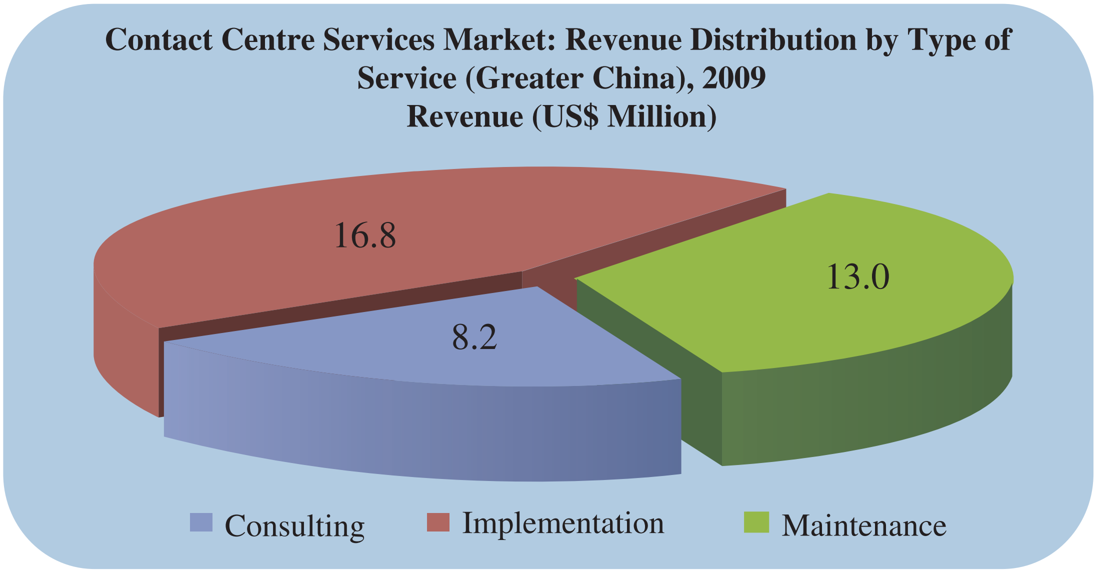
Note:
the base year is 2010. Source: Frost & Sullivan

GREATER CHINA CONTACT CENTRE SERVICES MARKET

Contact Centre Services Market: Market Engineering Measurements (Greater China), 2009

Measurement Name	Measurement	Trend
Market age	Inception	Increasing
Revenues (CY 2009)	US$37.9 million	Increasing
Potential revenues (2016)	US$89.6 million	Increasing
Base Year Market Growth Rate	(14.6%)	Increasing
CAGR (2009-2016)	13.1%	Decreasing
Saturation (current/potential)	42.3	Stable
Price sensitivity	High	Stable

Notes:
All figures are rounded; the base year is 2009. Source: Frost & Sullivan



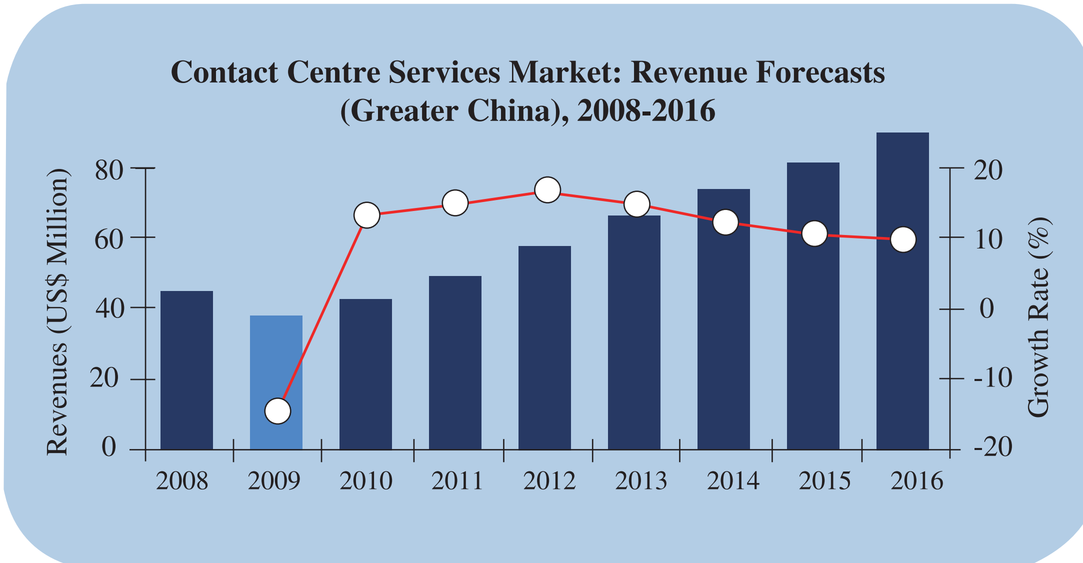
Note:
All figures are rounded; the base year is 2009. Source: Frost & Sullivan

Major Market Trends

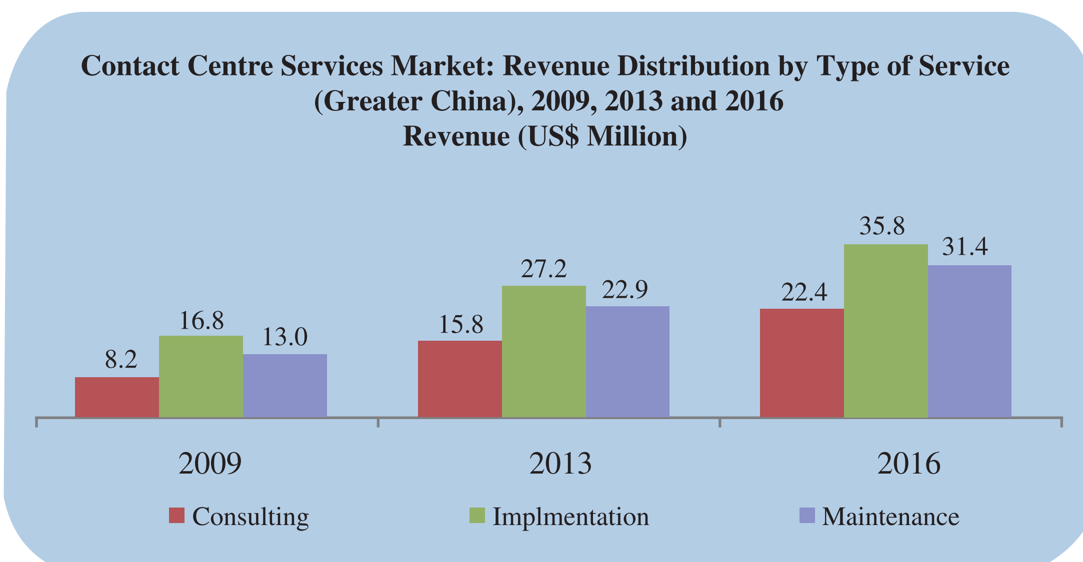
As the contact centre application market was declining in 2009 due to the economic downturn, the contact centre services market in this region saw a dwindling uptake in 2009. An emerging trend for companies, both large and small enterprises, is to outsource some of the work to a third party, one that can do it just as well, but for less. Given this situation, contact centre services, especially professional services, are gaining critical attention. Total solutions vendors tend to restructure the local services team by recruiting more engineers in order to enhance their service capability. Services for outsourcing contact centres are in high demand especially in China, mainly due to the size of call centres and network connectivity. During the base year, there has been limited interest from telecommunications service providers to offer contact centre services, while companies that offer business process outsourcing services have shown great interest in building up contact centre services based on hosted model offering utility based pricing.

Pricing Trends

The share of implementation services in a project has seen a slight decline in 2009 as compared to 2008. Due to the pressure of cutting costs, clients urge for free installation, thus leading to a smaller portion of the total amount, especially in small deals. The maintenance charge is, on average, 5-10% of a deal, which maintained the same share in 2009 as compared to 2008. The consulting service for call centre operations has seen increasing demand which drives the price up.



Note:
All figures are rounded; the base year is 2009. Source: Frost & Sullivan



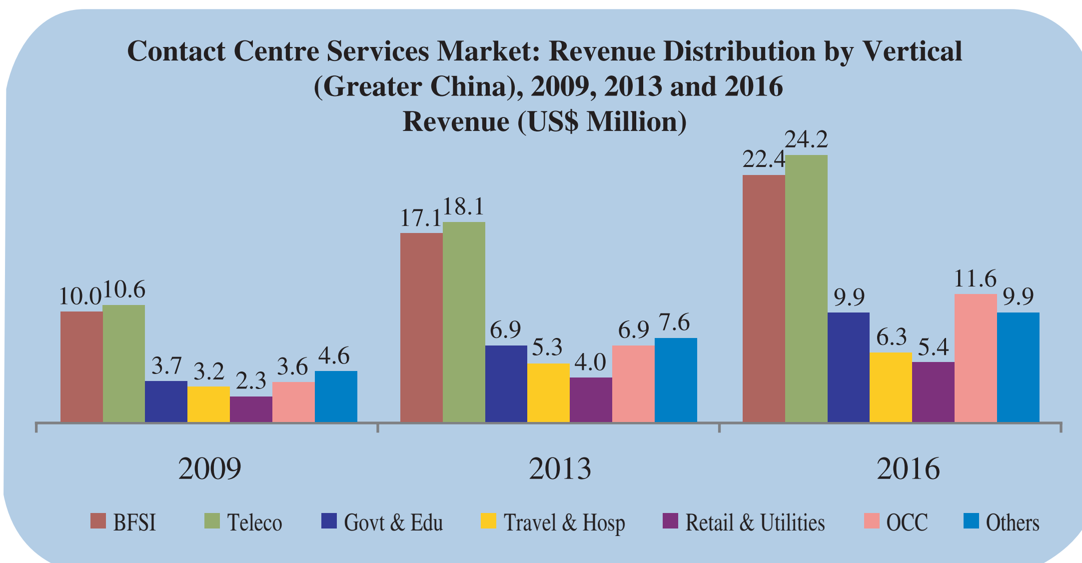
Note:
All figures are rounded; the base year is 2009. Source: Frost & Sullivan

Market Drivers and Restraints

The dramatic growth of outsourcing call centres is pushing the services market to provide creative and capable offerings to make a smooth running and improve the customer retention rate. Lowering costs of operation for in-house call centres by outsourcing the service work to another company is also driving the services market into a more recognized segment. Customer awareness of information technology services on the whole is relatively low in this region. The concept of "free service" has been dominating the market for quite a long time, leading to less spending on services.

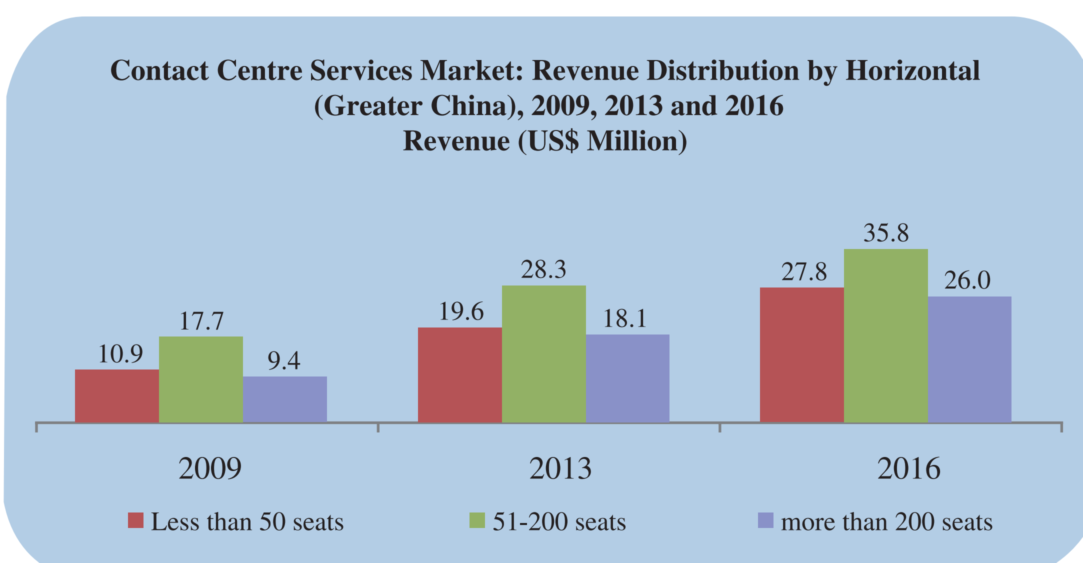
Forecast Trends

Continued focus from system integrators and vendors on the call centre services are likely driving growth in this market. Geographically, key cities in China plus Hong Kong are expected to be the leading areas to develop the services market in the near future. Telecommunication companies are predicted to be competitive in the services market primarily due to the offering of broadband. A and B have made an aggressive move in the outsourcing and hosted areas. Chinese telecommunication companies are slowly increasing the footprint of call centres services as part of their services. Helping clients cope with changes of the business environment is expected to be the key success factor in the call centre services market.



Note:

All figures are rounded; the base year is 2009. Source: Frost & Sullivan



Note:

All figures are rounded; the base year is 2009. Source: Frost & Sullivan

Adoption Trends

Medium to large call centres are predicted to be the dominant segment in terms of revenue contribution in the forecast period. In particular, the maintenance and consulting services are especially critical for the relatively larger call centres with more than 1000 seats at present. Small in-house call centres are usually established at a single site and do not require a converged network to run the systems. In addition, tight cost control is also one of the key barriers for them to invest in services. The demand for consulting services such as the maximum use of manpower and agent management are significantly on the rise, especially for banking and outsourcing. For example, improving the retention rate of agents has become one of the most challenging factors for banking and financial services companies. Maximum performance of agents is gaining critical attention for outsourcing call centres. Emerging verticals like E-commerce and television shopping comparatively lack experience, resulting in the need for more customized services as a particular business expands. For example, C, a leading online travel agency, has been relocating and expanding its national wide customer service centres to two second tier cities in China. Telecommunication companies in the densely populated provinces/municipalities in Guangdong, Shanghai and Shenzhen have spent significant efforts on the operation of outsourcing call centres, which helps telecommunication companies build up the service capability for call centres.

Greater China Contact Centre Services Market: 2010

Key Market Trends

The demand for professional services continues to increase in 2010, driven by not only the outsourcing contact centre business but also the strengthened customer awareness. Instead of expanding the number of agents in the past, many customers are willing to invest in the training programs of their agents, development of customized applications and how to maintain the overall operating efficiency of the contact centre.

Currently most of the contact centre business are provided by system integrators and vendors' channel partners. Vendors are focusing on the large accounts to offer them customized professional and maintenance services, while their channels and system integrators are taking most of the enterprise customers in the market.

Compared with Hong Kong and Taiwan, China market saw a much faster increase of demand for contact centre services, since the contact centre markets in Hong Kong and Taiwan are moving to saturation. Unlike the situation in China, telecommunication service providers such as A and B are the main players in Hong Kong and Taiwan offering contact centre services.

Among the three categories of contact centre services, consulting services' pricing is the highest with the higher cost of technology expertise and human resources. Implementation and maintenance services are more widely available among the system integrator and channel partners with lower pricing as well.

Market Drivers and Restraints

Source: Frost & Sullivan

Drivers Explained

With the contact centre applications market in Greater China successfully achieving 11.9 percentage growth in 2010, more and more enterprises have fully understood the essence of an effective, simplified and flexible contact centre for their customer services. Driven by this megatrend, the contact centre services market also attracted much more attention in 2010 especially for the professional service segment.

Compared to Hong Kong and Taiwan markets, the China market's demand for contact center services have increased remarkably. Customers are now more focused on enhancing the overall efficiency and quality of their contact centres instead of expanding the number of seats in the past two to three years. The players in the market are also shifting their focus offerings from product and solutions to the services.

The fast development of outsourcing and hosted contact centre solutions and services is another important perspective. The outsourcing contact centres are widely accepted by many small and medium businesses in China as their size of contact centres are much smaller (normally with less than 20 seats). Other reasons such as network connectivity should be taken into consideration as well. As a result, the operating costs will be lowered for companies which outsourced the service work, driving the overall service market to a more-recognized segment.

Last but not the least is the competition among the current market players. Different categories of players are performing actively in the contact centre services market. Both local and global vendors are strengthening their positions in the market. System integrators who are usually vendors' channel partners have increased their investments in providing better quality of services as well. Telecommunication service providers are the main players in Hong Kong and Taiwan markets, but hold much less market share in China as such segment is not their main revenue contributor.

Restraints Explained

As one of the emerging market for contact centre services in Asia Pacific, the overall quality of the contact centre services still requires improvement compared to that of the developed markets. Among the three regions, Hong Kong and Taiwan markets are more matured than that of China: professional service teams are attached to companies, dedicated in providing all-in-one contact centre services.

Compared to implementation and maintenance services, consulting service requires a higher level of enhancement. Customers tend to select the solutions and applications by themselves instead of going through the consulting service process. Other perspectives such as the number of agents needed are usually decided by the customers as well. The system integrators and service providers are currently further training their relative team to provide the professional consulting service to proper address customers' needs.

Although the general market awareness of the contact centre services have been increasing, many small and medium sized enterprises still have relatively low awareness of investing in service segment. For many companies in China, the concept of "service free" has dominated their mindset for a long time, as they hold the opinion that certain level of service has been bundled with products and solutions. Therefore they have very limited budget for the service segment only. Such situation will become less restrained with the passage of time.

As the contact centre applications market moving to the saturation, the services market will be affected as well. However, such situation will have little negative impact for the Greater China region in the next three to five years.

Revenue Forecast Discussion

	Market Forecast								
	2010	2011	2012	2013	2014	2015	2016	2017	CAGR
Revenue (US$)	41,044,500	45,641,485	51,711,802	57,968,930	64,171,606	70,460,423	76,801,861	83,483,623	10.7%
Growth	8.2%	11.2%	13.3%	12.1%	10.7%	9.8%	9.0%	8.7%	

Source: Frost & Sullivan

Generally the total revenue of Greater China region will achieve the double-digit growth of 11 percent during the next three years. As mentioned before, China's market development will be much faster than that of Hong Kong and Taiwan as the services market in China is more active and diversified.

As system integrators and vendors in China continuously increase their focus on the contact centre services, more business will be coming from tier two and even tier three cities instead of large cities such as Beijing, Shanghai and Guangzhou. However, the telecommunication service providers including I and J are slowly exploring in this market with less than 5 percent of their total revenue coming from this segment. Outsourcing and hosted contact centre is not their main focus neither as such services are largely taken by local outsourcers, system integrators and companies specializing in hosted solutions.

The Hong Kong and Taiwan markets will still be dominated by the telecommunication service providers such as A and B. The two telecommunications giants have made strategic progress in outsourcing and hosted contact centre market, providing such solutions and services to a very large customer base. Global vendors in these two markets have increased their footprints in this market as well, leading to a more diversified business environment.

From different categories of services, the consulting and implementation services will see stable growth during the forecasted period while the traditional maintenance services' portion slightly decrease among all the three categories. This is because of the maturity of maintenance services in the Greater China region with the other two still in the fast developing stage, its pricing being declined is foreseeable due to the increasing rivals among various competitors.

Adoption Trend Discussion

By the end of 2017, about 70 percent of the total revenue will be generated from medium and large customers with more than 50 employees. Most of the consulting and maintenance services are coming from this segment as large in house contact centres have higher demand for such services and relatively higher profit margin for every contract secured. The recent popular terms such as cloud computing and IP Contact Center have significantly driven up consulting services' revenue as companies are eager to identify the potential savings if they adopt such solutions.

Although the small enterprises' (less than 50 employees) demand in contact centre solutions is with huge potential and more customers in this segment have established their own in house contact centres recently, the budget control remains to be one of the key barriers for them to invest more on the contact centre services.

Banking, telecommunications and outsourcing are the top three verticals contributing more than 70 percent of the total market, these industries have huge demand of consulting services on various topics such as overall operating efficiency, agents' retention rate, total energy saving etc. System integrators and vendors have developed much customized services for customers in these verticals to satisfy their requirements from various angles.

Emerging verticals such as E-commerce, travel & hospitality are also the important clients in this market, with internet shopping and online travel booking become more and more popular, large amount of revenue will be generated from the calls processed by the contact centres. Therefore enterprises from E-commerce and travelling are significantly demanding contact centre services to enhance their quality of services. Many large deals have been closed in 2010 from customers in these verticals.

ASSESSMENT OF ASIA PACIFIC CONTACT CENTRE MARKET, CY 2010

Contact Centre Market: Market Engineering Measurement (Asia Pacific), CY 2010

Measurement Name	Measurement	Trend
Market age	Mature	—
Number of contact centres	27,983	Increasing
Base year contact centre growth rate	5.7%	Increasing
Number of agents	3.16 million	Increasing
Base year agent growth rate	8.4%	Decreasing
Number of seats	2.22 million	Stable
Base year seat growth rate	8.5%	Decreasing
Outsourced seats: In house seats	33.0 : 67.0	Increasing
Number of outsourced contact centre seats	734,600	Increasing
Base year outsourced seats growth rate	10.8%	Decreasing
Domestic: Offshore	70.8 : 29.2	Stable
Average agent salary USD	2000-3000	Decreasing

Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Key Market Trends

The Asia Pacific has been a high growth region for the contact centre industry. In 2010, after the slow down effect from the global financial crisis, there was a growth of 8.5% in agent seats. This growth is expected to continue through the forecast period at a 9.5% CAGR. The number of agents is also growing in the region, although attrition poses a major problem in the industry, with a high degree of attrition within the enterprise over and above that of other industry segments. In the aftermath of the global economic slow down, even greater emphasis on cost efficiency in an enterprise is likely to continue to be a driving factor to outsource contact centre services to lower cost bases in the region. Key markets include India, the Philippines, Malaysia and China. The focus on customer service as a key differentiator is rising among small and medium enterprises and large enterprises. Domestic demand continued to see good growth in developing markets such as India, China, Indonesia and Vietnam. Markets across the region saw an increased adoption of internet protocol technology in a drive to virtualize multi-site contact centres. Alternative models like hosted contact centre service also saw traction with the pay-per-use model being an attractive cost cutting measure. There was increased activity towards self-service applications and using IVR as a tool for call resolution instead of call routing. Integrated suites of quality monitoring, WFM and analytics are seeing good adoption in the market.

ASIA PACIFIC CONTACT CENTRE MARKET — MARKET DRIVERS

Contact Centre Market: Market Drivers Ranked in Order of Impact (Asia Pacific), 2011-2017

Rank	Driver	1-2 Years	3-4 Years	5-6 Years
1	Growing focus on high quality customer service boosts domestic demand	High	High	Medium
2	Rising levels of competition in growing Asian economies	High	High	Medium
3	Availability of labor pool with good English and regional language skills, at lower costs, boosts offshore demand from US, UK and within Asia Pacific	Medium	High	High
4	Increasing complexity and advanced technologies in contact centre operation drives outsourcing	High	Medium	Medium
5	Regional governments' support and initiatives to develop their markets as offshoring hubs	High	Medium	Medium
6	Offshore outsourcing to Asia Pacific	Medium	Medium	Medium

Source: Frost & Sullivan

ASIA PACIFIC CONTACT CENTRE MARKET — MARKET RESTRAINTS

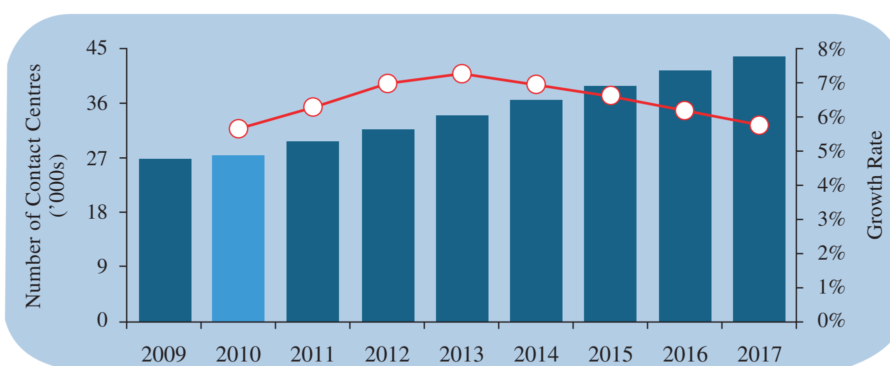
Contact Centre Market: Market Restraints Ranked in Order of Impact (Asia Pacific), 2010-2017

Rank	Restraint	1-2 Years	3-4 Years	5-6 Years
1	Increasing saturation of the contact centre industry in the region	Medium	High	High
2	Shift from on-premise infrastructure to Hosted or Cloud-based apps	Medium	High	High
3	Growing adoption of self-service applications	Medium	Medium	High
4	Rising attrition rates of contact centre agents	Medium	Medium	Medium
5	Emergence of new offshoring destinations in Eastern Europe and Africa	Medium	High	High
6	Unstable political environment in some markets affecting business climate	Medium	Low	Low

Source: Frost & Sullivan

ASIA PACIFIC CONTACT CENTRE MARKET — MARKET FORECASTS

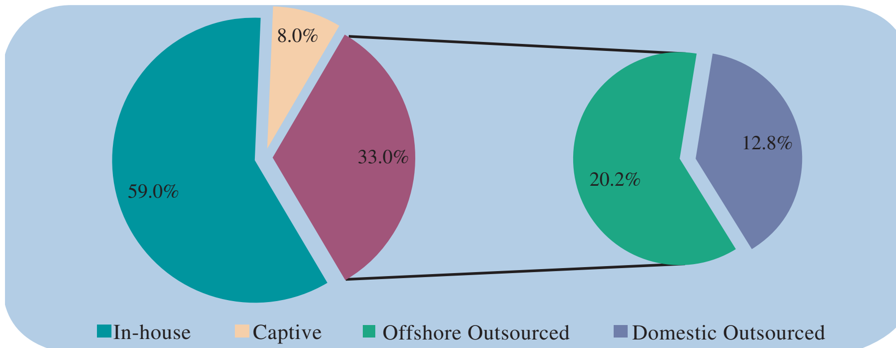
Contact Centre Market: Number of Contact Centres (Asia Pacific), 2009-2017



Note:

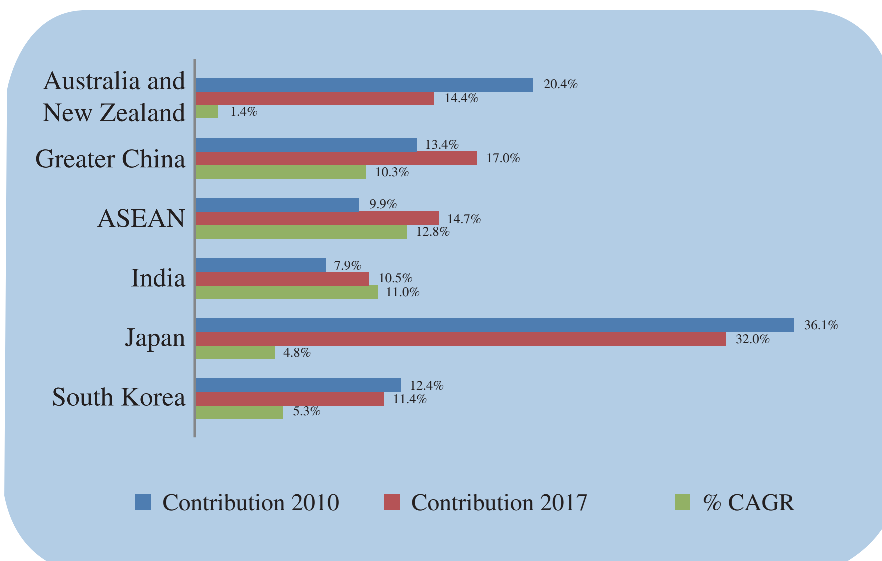
All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Contact Centre Market: Seat Distribution by Contact Centre Model (Asia Pacific), CY 2010



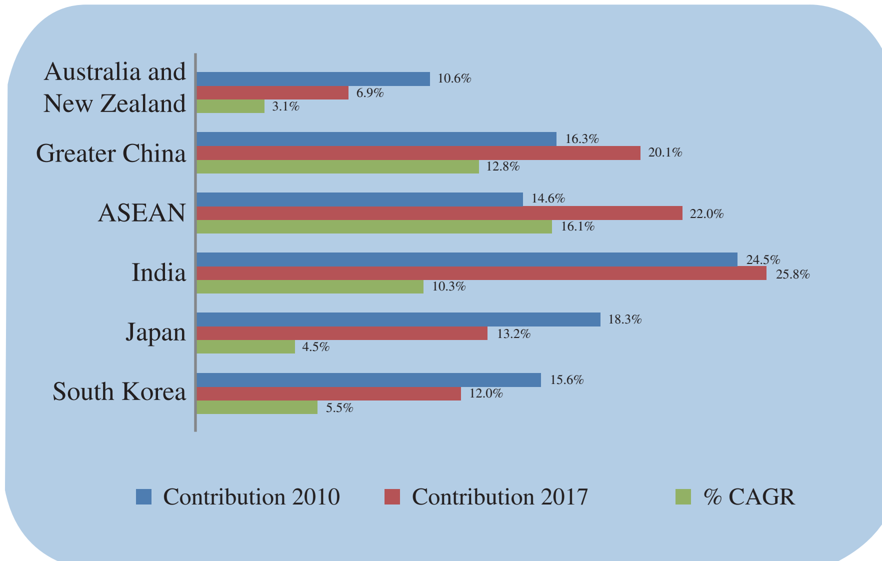
Note:
All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Contact Centre Market: Contact Centres Distribution by Region (Asia Pacific), 2010 and 2017



Note:
All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Contact Centre Market: Contact Centres Seat Distribution by Region (Asia Pacific), 2010 and 2017

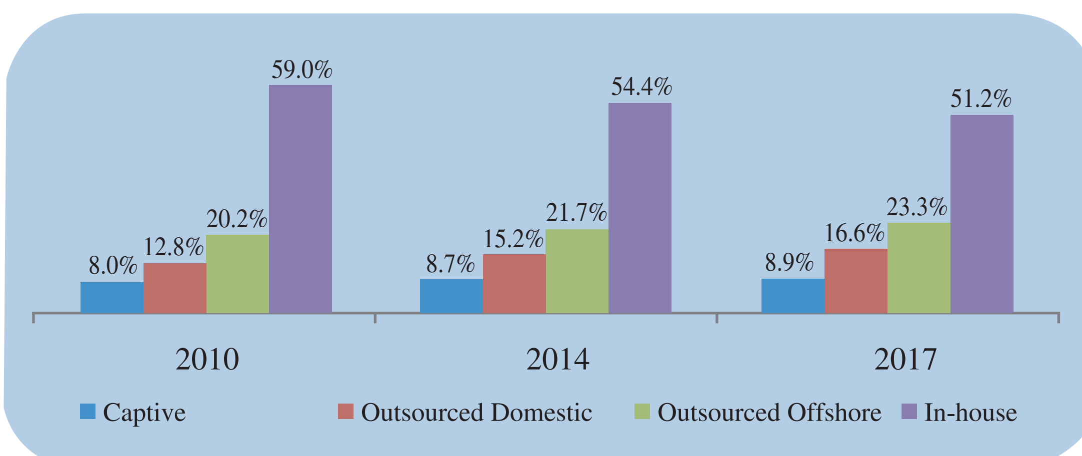


Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

ASIA PACIFIC CONTACT CENTRE MARKET — MARKET ANALYSIS

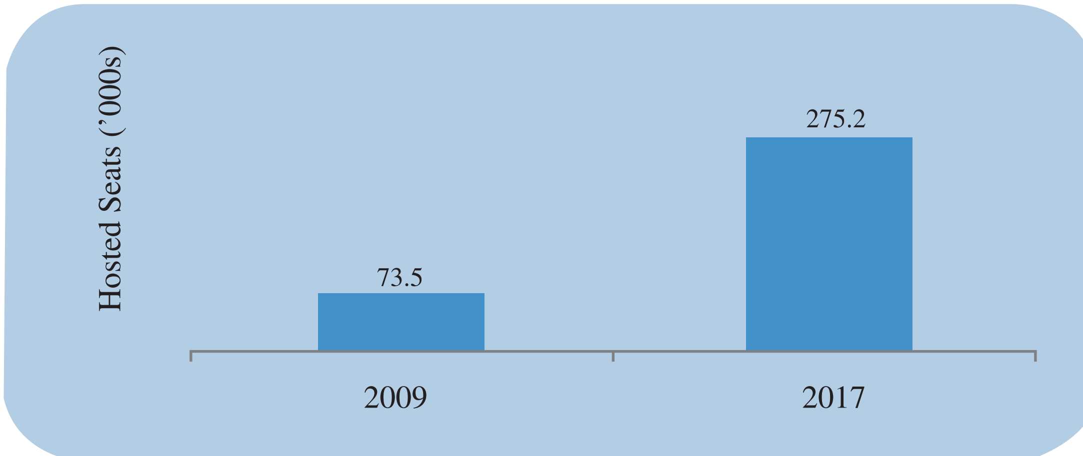
Contact Centre Market: Trends by Contact Centre Model (Asia Pacific), 2010, 2014 and 2017



Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Contact Centre Market: Hosted Opportunity (Asia Pacific), 2009 and 2017



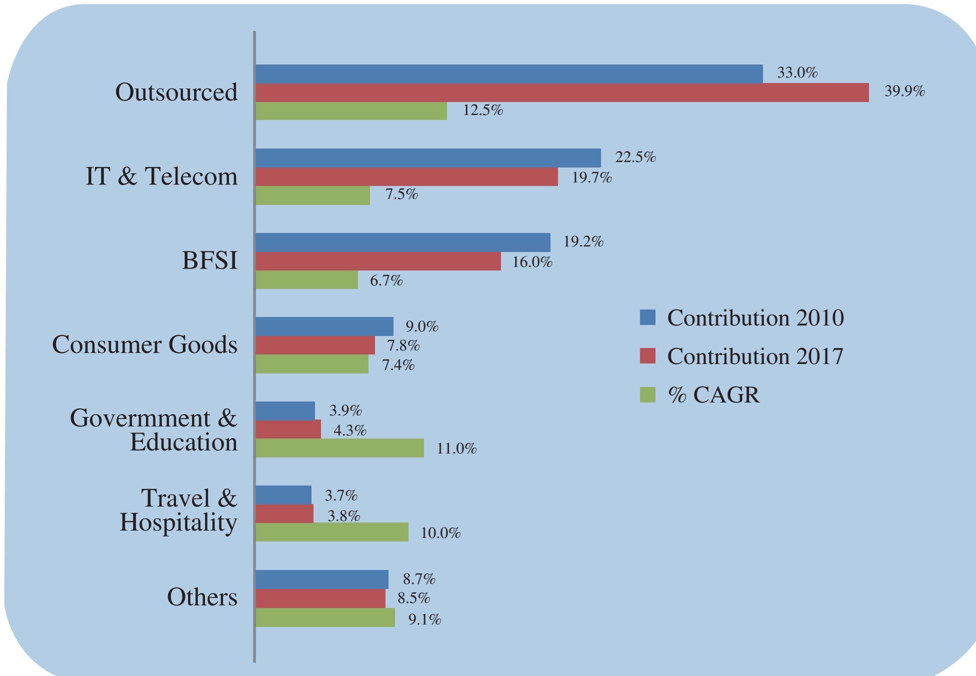
Note:

All figures are rounded; the base year is 2009. Source: Frost & Sullivan

Trends by Contact Centre Model

Offshore outsourcing continues to be in high demand in India, China, the Philippines and Malaysia. These markets also saw good traction for domestic outsourcing in the base year. While India and the Philippines cater largely to domestic and US demand, China addresses domestic as well as the demand from Hong Kong, South Korea and Japan. Malaysia continues to attract many global outsourcing service providers, which are even migrating their setups from neighboring markets in the region. As such, the Asia Pacific continues to be an attractive destination during the forecast period. Taking advantage of the labor arbitrage in testing economic conditions spurred a growth in captive setups along the growth in outsourcing. This is expected from enterprises in the BFSI and information technology services sectors. Some mature markets like Singapore saw some captive centres being set up, while some others in high cost markets had been closed down. 2010 saw a few outsourced centres shift base in the light of consolidations in the contact centre industry. A number of outsourcers in the region with presence in multiple markets have consolidated their centres to strategic locations like the Philippines, Malaysia, Singapore and Hong Kong from which to service the region. Propensity of setting up new in-house contact centres is declining while enterprises take advantage of the growing number of small sized contact centres outsourcing low value services. Hosted contact centres started to gain traction in the market by offering flexibility in terms of scalability and costs. Mature markets like Australia is taking a lead in this regard.

Contact Centre Market: Trends by Vertical (Asia Pacific), 2010 and 2017



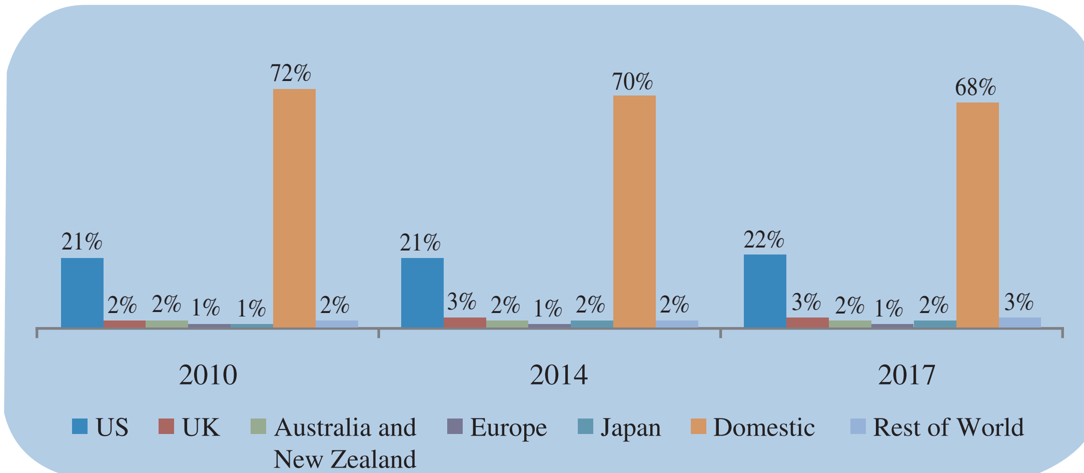
Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Trends by Vertical

The outsourcing, telecommunications and information technology services and BFSI sectors maintain their traditional stronghold in driving demand for contact centre services in the region. While they are expected to dominate demand in the long term, their inherently large customer base and the high level of industry competition will result in slower annual growth in these sectors. The government sector on the other hand has demonstrated high growth across the region, with strong adoption for contact centre services from welfare and tax agencies and educational institutions alike. This growth is expected to persist through the forecast period as more demand is expected from government agencies in outsourcing as well as self-service applications. Singapore and Hong Kong have taken initiatives to make electronic services available to the public which has thrown open the need for customer services as well, while Malaysia and the Philippines have taken similar steps. The travel and hospitality sector is expected to grow quickly, as governments across the region promote their country as a touring destination to global travellers. Contact centres in India, China, Singapore and Australia have recorded demand from across the region in this sector. Other verticals that are growing sporadically across the region are retail, entertainment and manufacturing. These sectors are expected to see good traction across select markets through the forecast period.

Contact Centre Market: Trends by Country Serviced (Asia Pacific), 2010, 2014 and 2017



Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Trends by Country Serviced

Language proficiency, competitive labor costs and growing telecommunications infrastructure in the country primarily have been the deciding factors as the preferred offshore destination and the country to be served. Close to 60% of the seats in contact centres in India and the Philippines services the US market. Australia and New Zealand markets address most of the offshore demand within the Asia Pacific region. With the economic slowdown, outsourcing in order to reduce operational costs has been a trend. This has mostly benefitted markets like India, the Philippines and Malaysia. While existing labor laws are dampening large scale relocations of contact centres, a number of centres have closed down in high cost markets. China, and specifically Dalian, continue to flourish as an outsourcing destination for enterprises in Japan, South Korea and Hong Kong. Factors favoring this market include proximity to clients, low cost structures as well as language capabilities of agents. In recent years, China has grown into a hub for offshore work from Japan and South Korea. Government initiative is driving the contact centre industry in a number of markets in the region like China, Malaysia and Australia. The China State Council recently amended its laws to allow local governments to approve foreign investment in offshore contact centre businesses. At present, offshore service outsourcing companies in 21 cities in China are exempted from taxes till 2013.

Contact Centre Market: Labour Trends (Asia Pacific)

Over the years there has been a "service shift" as organizations continue to operate offshore with the benefit of cost reduction, sometimes even up to 30-40%. This trend is likely to continue because of labor arbitrage. For example, the base wage of an employee of a contact centre in Singapore is about twice that of a contact centre in Malaysia and thrice that of a contact centre in the Philippines. As demand for customer services increases in emphasis, demand for quality agents remains high across the Asia Pacific. Opportunities in managerial roles are high in the mature contact centre markets as business process alignment, maximum use of manpower and talent retention become the priority. With a steady demand over the forecast period and increasing competition in the sector, demand for good talent is expected to be high. Experienced employees in the sector are in a better position to negotiate a better salary in the current environment. In the aftermath of the global economic downturn, contact centres are exploring ways to make them more cost effective and incentive packages and bonus are under scrutiny in the growth markets like India and the Philippines. This may add to the increasing attrition rate in the near term. There is a stronger need for contact centre associations across the region to consolidate efforts in addressing industry issues via regional events and joint forums.

Contact Centre Market: Salary Trend (Asia Pacific), CY 2010

Measurement Name	Value Range (USD)	Expected Growth (%)
Agent Salary	250-3,000	5.0
Team Leader Salary	350-4,200	6.7
Supervisor Salary	650-5,500	7.0

Note:
The base year is 2010
Source: Frost & Sullivan

ASSESSMENT OF GREATER CHINA CONTACT CENTRE MARKET

Contact Centre Market: Market Engineering Measurements (Greater China), CY 2010

Measurement Name	Measurement	Trend
Market age	Growth	—
Number of contact centres	3,740	Increasing
Base year contact centre growth rate	10.0%	Increasing
Number of agents	612,600	Increasing
Base year agent growth rate	11.4%	Decreasing
Number of seats	417,800	Stable
Base year seat growth rate	15.2%	Decreasing
Outsourced seats: In house seats	19.8 : 80.2	Increasing
Number of outsourced contact centre seats	72,000	Increasing
Base year outsourced seats growth rate	19.5%	Decreasing
Domestic: Offshore	90.9 : 9.1	Stable
Average agent salary US$	2,000-3,000	Decreasing

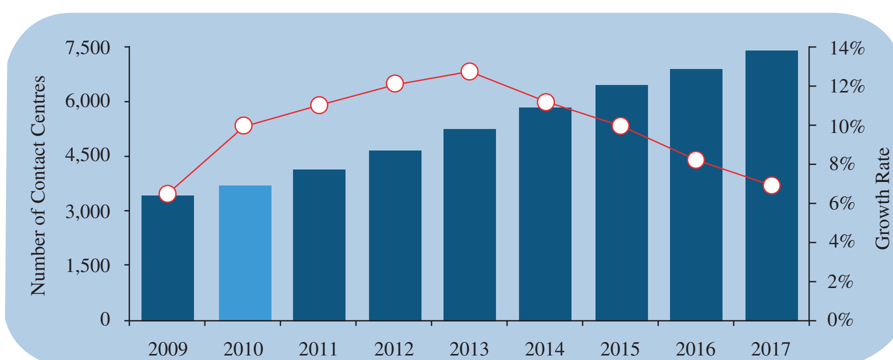
Note:
All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Key Market Trends

The contact centre industry in the Greater China region has witnessed double digits growth in 2010, in terms of the number of agents and seats. In particular, the Hong Kong and Taiwan markets are recovering from the economic crunch and have shown single digit growth in terms of the number of seats. E-commerce, travel and hospitality and outsourcing contact centres are the three fast-growing verticals across the region in 2010. Companies, on average, tend to implement "do more with less" strategies, leading to the staggering trend on both the expansion and upgrade of call centres. Most call centres, especially those with more than 200 agents, have significantly focused on the training of agents to enhance the first call resolution rate. In the meantime, human resource management also has been stressed in order to improve the employee retention rate. The Chinese government is trying to attract companies by promoting its low labor costs, a large number of educated employees, language advantages in terms of Japanese and English, as well as government support. The China State Council has reportedly recently amended its laws to allow local governments to approve foreign investment in offshore contact centre businesses. From the technology standpoint, the internet protocol contact centre has no doubt become the dominant solution in the call centre industry, especially in the corporate sector. The customized development to construct a benchmark for emerging verticals, such as E-commerce and transportation, is generally seen as a fast growing contributor on the revenue in the contact centre industry.

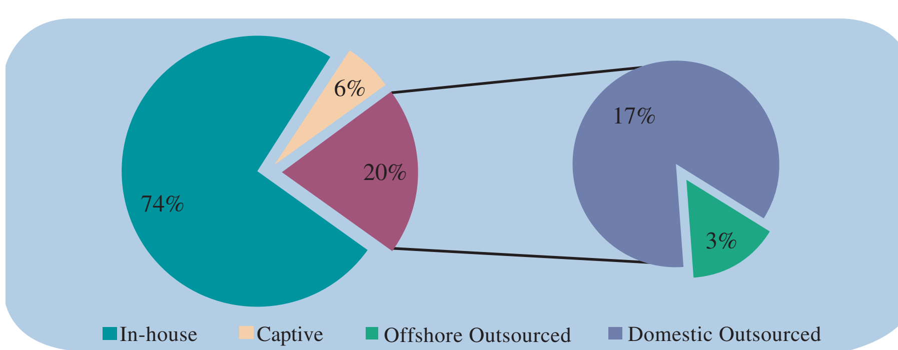
GREATER CHINA CONTACT CENTRE MARKET — MARKET FORECASTS

Contact Centre Market: Number of Contact Centres (Greater China), 2009-2017



Note:
All figures are rounded; the base year is 2010. Source: Frost & Sullivan

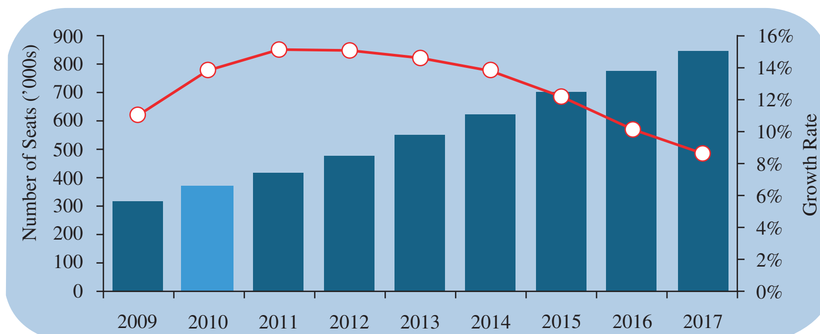
Contact Centre Market: Seat Distribution by Contact Centre Model (Greater China), 2010



Note:
All figures are rounded; the base year is 2010. Source: Frost & Sullivan

The number of contact centres in Greater China in 2010 was 3,740. This represents a growth of 11.1% from the previous year. The number of contact centres in Greater China is expected to grow at a CAGR of 10.3% during the forecast period. The outsourced domestic segment has witnessed robust growth in 2010 in light of the service capacity, flexibility and industry-specific solutions. However, the usage rate is not able to match with the expanding capacity yet. The credit card business in the banking sector has become an engine of the growth of customer care in this industry since 2009. Almost all four-state owned banks have built up the credit call centres in the western cities in China.

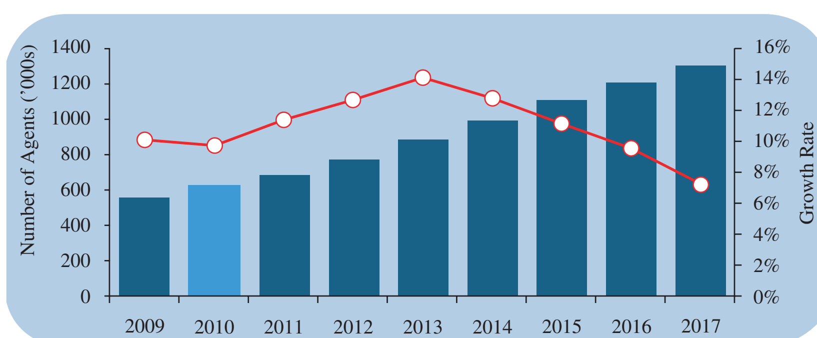
Contact Centre Market: Market Forecasts by Number of Seats (Greater China), 2009-2017



Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Contact Centre Market: Market Forecasts by Number of Agents (Greater China), 2009-2017



Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Market Drivers

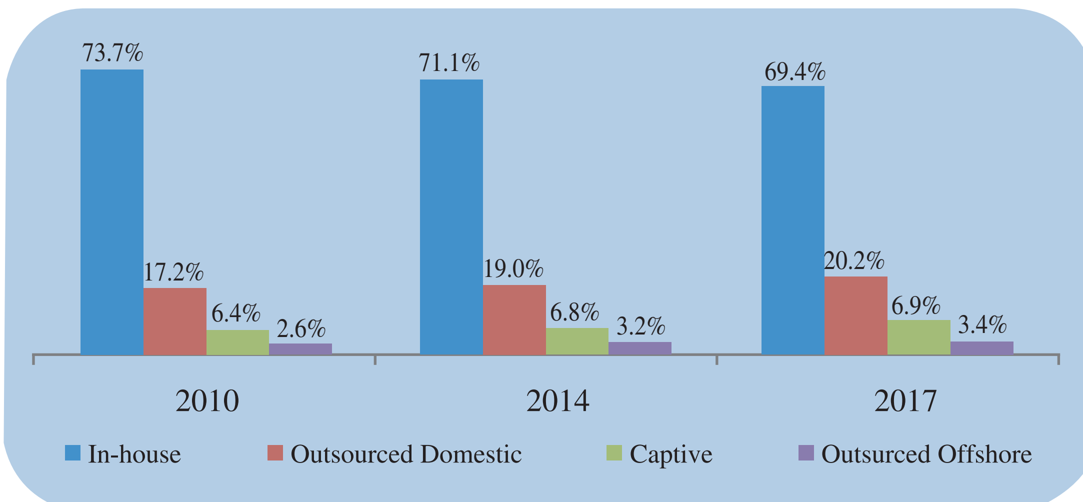
The migration from the blended model to pure internet protocol contact centres has gained good traction in China. Customers prefer to upgrade to pure internet protocol systems when it comes to seat expansion. The construction of the benchmark in the contact centre industry has placed great attention to reveal the complementary advantage of the call centre industry among China, Hong Kong and Taiwan. The market awareness of customer care in small and medium enterprises has grown spectacularly and become an important stream in this industry since 2009 and it is expected to drive the upswing in years to come.

Market Restraints

Operational efficiency and customer satisfaction are the key concerns as most call centres are cost centres. Apart from the basic needs of telecommunication companies, the concept of customer service in rural areas of China is relatively new, which has and will continue to stagger the growth of the call centre industry for some leading verticals like the BFSI sector as well. As a whole, human resource management in the contact centre industry is currently lagging behind other countries like the Philippines and Singapore in terms of agent salary, social standing, education level and so on.

GREATER CHINA CONTACT CENTRE MARKET — MARKET ANALYSIS

Contact Centre Market: Trends by Contact Centre Model (Greater China), 2010, 2014 and 2017

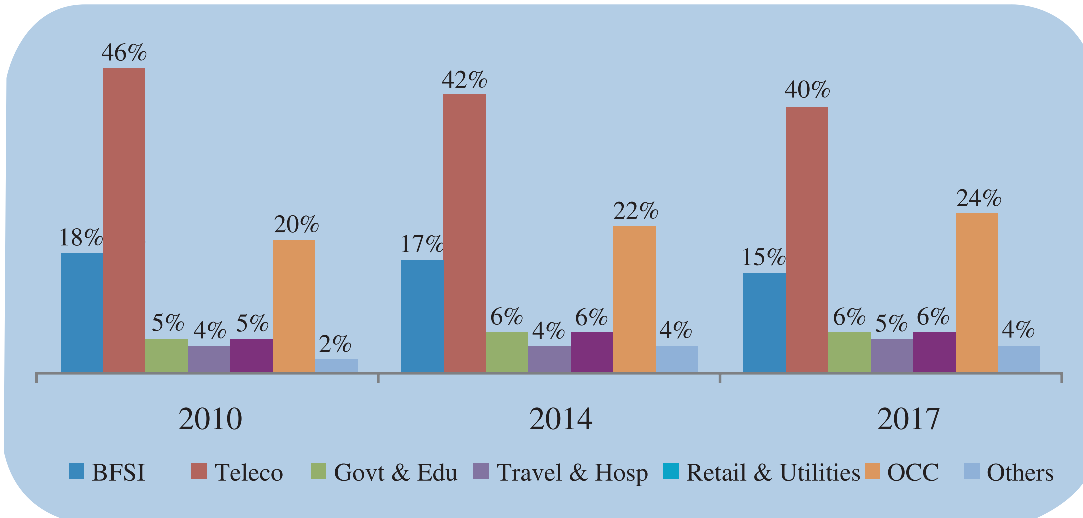


Note:
All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Trends by Contact Centre Model

In-house call centres continued to primarily dominate this market with over 80% of the market. However, the growth of this service model has gradually slowed in 2010. In other words, outsourcing call centres has taken a larger slice on this market in terms of the number of seats. There is no significant change in the captive model in China due to the language barrier.

Contact Centre Market: Trends by Vertical (Greater China), 2010, 2014 and 2017



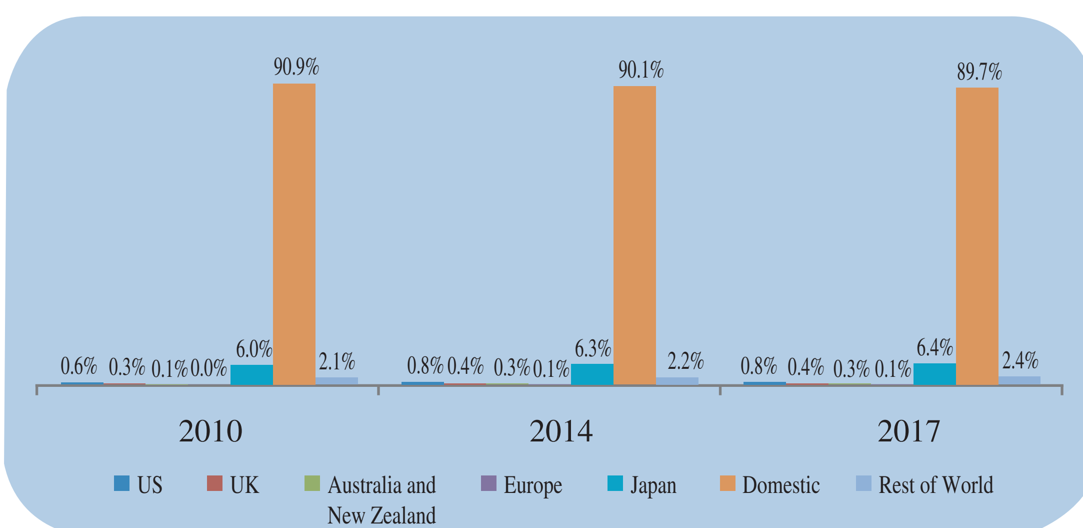
Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Trends by Verticals

The telecommunications and BFSI sectors continue their leadership positions in the investment on customer service in this region in 2010. In particular, with the business expansion of regional or provincial financial institutions, the spending on customer services has increased dramatically both in in-house call centres and the outsourced model. E-commerce, travel and hospitality and outsourcing are the fast growing sectors in improving the operational efficiency of call centres.

Contact Centre Market: Trends by Country Serviced (Greater China), 2010, 2014 and 2017



Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Trends by country serviced

Over 90% of the agents in China mainland served the domestic market (including Hong Kong) in 2010. For the remaining 10% of the agents, they mainly provided service to Japanese and Korean customers. The current distribution landscape of service provision in this region as aforesaid is not expected to have any significant change in the near future.

Contact Centre Market: Salary Trend (Greater China), CY 2010

Measurement Name	Value Range (USD)	Expected Growth (%)
Agent Salary	2,000-3,000	10.0
Team Leader Salary	2,500-3,500	12.0
Supervisor Salary	3,000-4,500	12.5

Note:
The base year is 2010. Source: Frost & Sullivan

Trends by Labour

The salary of agents, on the average, has achieved nearly a 10% increment in 2010. In particular, the compensation of agents in the E-commerce sector has grown above the average level, largely due to the high labour intensity on a 24 hours a day and 7 days a week basis. Most large call centre operators have increased the spending on benefits to agents and team leaders for the sake of operation management and high productivity, such as training on skills and knowledge and psychological therapy.

ASIA PACIFIC CONTACT CENTRE APPLICATIONS MARKET CY 2010

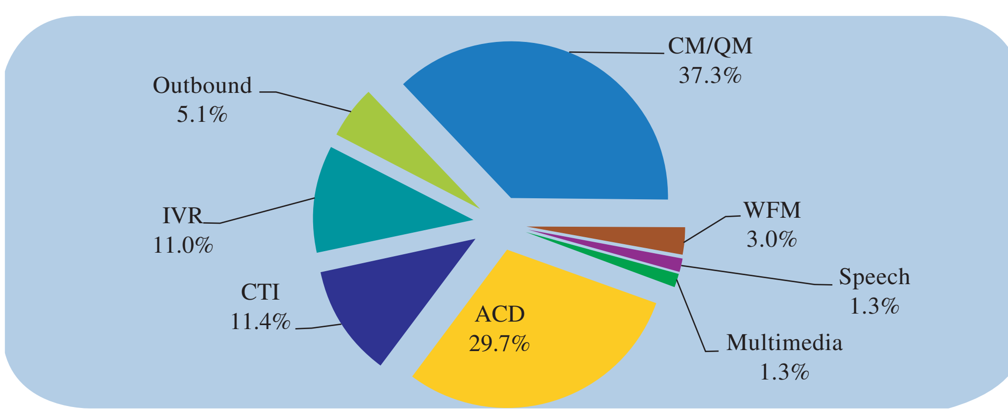
HONG KONG CONTACT CENTRE APPLICATIONS MARKET, CY 2010

Hong Kong Contact Centre Applications Market — Market Highlights

Contact Centre Applications Market: Market Engineering Measurements (HK), CY 2010

Measurement Name	Measurement	Trend
Market age	Maturity	—
Revenues (2010)	US$23.6 mil	Stable
Potential revenues (2017)	US$20.7 mil	Decreasing
Market Growth Rate (10/09)	6.5%	Decreasing
CAGR (2010-2017)	-1.8%	Decreasing
Saturation (current/potential)	113.7%	Stable
Price range	US$1,000 to US$3,000	Stable
Price sensitivity	High	Stable
Market Concentration	67.5%	Stable

Note:
All figures are rounded; the base year is 2010. Source: Frost & Sullivan



Note:
All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Market Conditions

The Hong Kong market is a fairly mature market characterized by slow growth. Most of the revenue came from upgrades to software and expansion in operations. The relatively smaller Hong Kong market was dominated by a small number of vendors such as D, E, F and G. Brand loyalty was high as some enterprises preferred to use a particular vendors' products for years.

Technology Trends

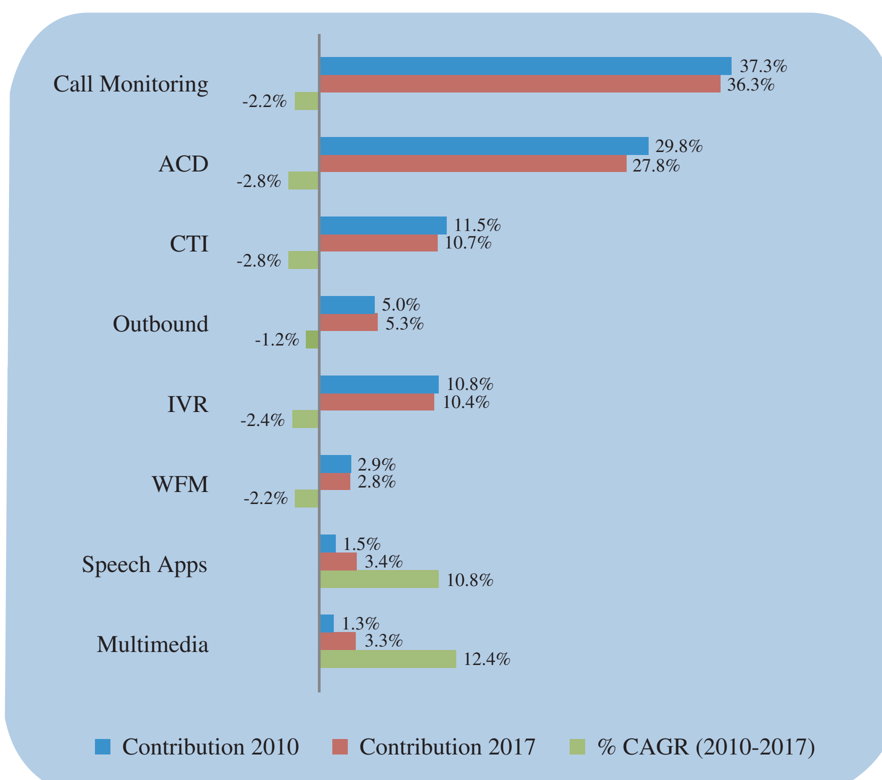
Adoption of hybrid contact service centre solutions was increasing due to improved customer awareness and increased budgets available to businesses. A hosted solution remains a new concept and has not witnessed widespread adoption. There was strong demand for maximum use of manpower in 2010.

Pricing Trends

Vendor pricing was largely stable. End-users were not very price-sensitive and preferred high quality product and service compared to bargained prices.

HONG KONG CONTACT CENTRE APPLICATIONS MARKET — MARKET HIGHLIGHTS BY APPLICATIONS SEGMENT

Contact Centre Applications Market: Adoption Trends by Application (HK), 2010, 2017



Note:

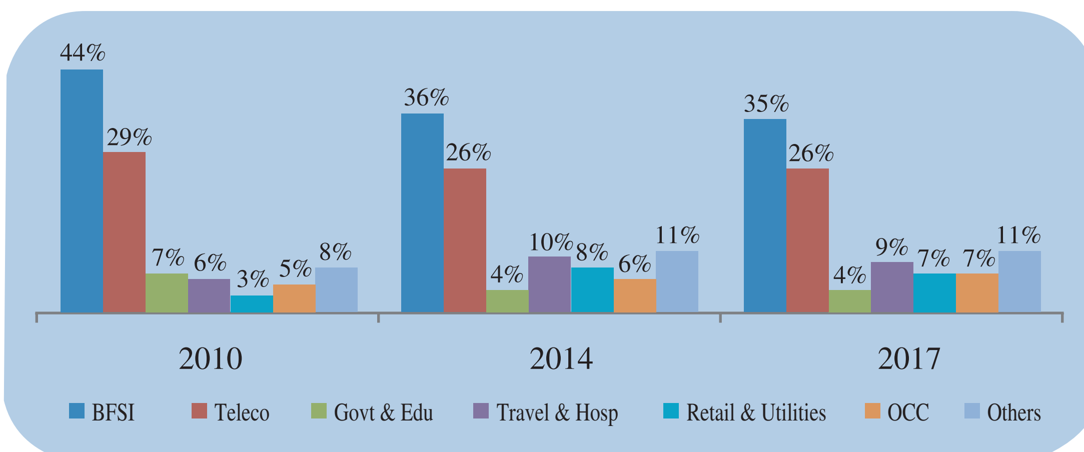
All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Contact Centre Applications Market: Adoption Trends by Application (HK), 2010

Although the demand for traditional applications such as ACD, CTI, CM, OB and IVR declined in 2010, they witnessed high adoption rates among all contact centre applications. This was driven by the upgrading and expansion of businesses, which typically requires these applications. There was an increasing demand for WFM and multi-media solutions since the enterprises in Hong Kong were more efficiency-driven and were willing to adopt newer and advanced technologies. They also had enough budgets for investing in these applications, focusing more on the quality and efficiency brought to work. Other alternatives such as ST also experienced greater awareness from the end-users. However, the adoption remained low in 2010, with no major deals finalized.

HONG KONG CONTACT CENTRE APPLICATIONS MARKET — MARKET HIGHLIGHTS BY VERTICAL

Contact Centre Applications Market: Adoption Trends by Vertical (HK), 2010, 2014, 2017



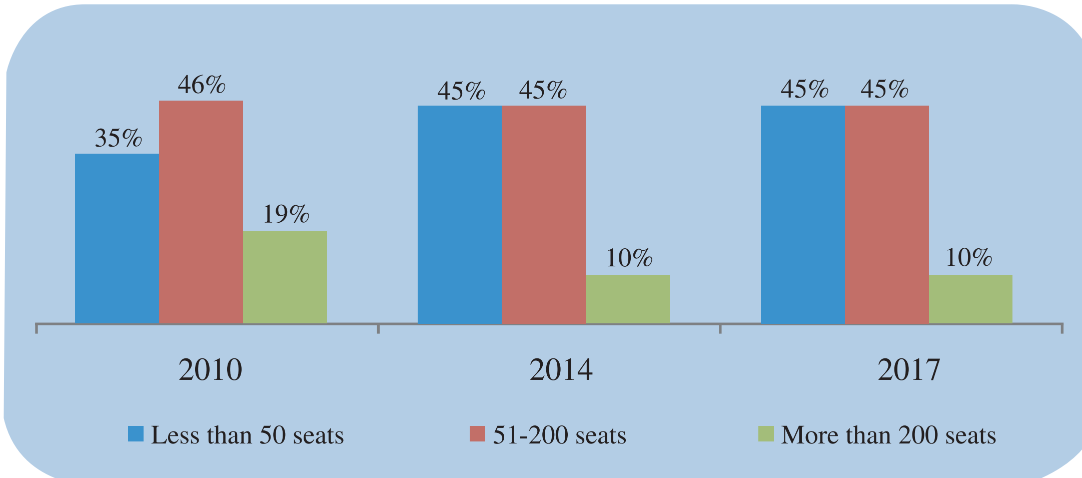
Note:
All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Adoption Trends by Vertical

The key verticals in 2010 included BFSI, telecommunications, travel and hospitality. Large orders with more than 200 agents usually originated from the BFSI sector. Other verticals such as logistics, outsourcing and retail were steadily increasing in 2010. The majority of new customers were from these sectors. Enterprise telephony solutions were widely adopted in the hospitality and healthcare sectors.

HONG KONG CONTACT CENTRE APPLICATIONS MARKET — MARKET HIGHLIGHTS BY HORIZONTAL

Contact Centre Applications Market: Adoption Trends by Horizontal (HK), 2010, 2014, 2017



Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

Adoption Trends by Horizontal

Most of the revenue came from the small and medium contact centres with less than 200 agents. The reason was due to the relatively smaller size of the Hong Kong market, contact centres with less than 200 agents would be more efficient. Firms tend to set up large contact centres in China since there is a larger customer base there. Large contact centres with more than 200 agents were from the BFSI sector such as banks and insurance companies.

HONG KONG CONTACT CENTRE APPLICATIONS MARKET — COMPETITIVE HIGHLIGHTS

Contact Centre Applications Market: Key Strategies & Tactics (HK), 2010

	Market Share			
Vendor	**2009**	**2010**	**Core Segments**	**Market Leadership**
D	22.4%	30.7%	ACD, CTI, IVR, OB and MM	ACD, CTI, IVR, OB and MM
E	18.5%	17.9%	ACD, CTI, IVR, OB and WFM	WFM
F	19.4%	21.5%	CM and WFM	WFM

Note:

All figures are rounded; the base year is 2010. Source: Frost & Sullivan

D

D maintained a dominant position in the Hong Kong market in 2010 with high brand recognition and customer loyalty. Its competitive advantages comprises customized solution (evaluation report for every agent's performance), provision of total solutions and a high quality service. D co-operates with other vendors in developing new products.

E

Being the second largest total contact centre solution vendor in Hong Kong, E specializes in providing ACD, OB and WFM solutions. It holds the dominant position in WFM in Hong Kong, enabling customer's working efficiency through online workspace.

F

Vendor's market presence in Hong Kong was mainly driven by strengths in recording systems and through integration with other vendor's total contact centre solution. There is strong customer preference for their call recording applications, but other vendors such as D and H are steadily becoming more competitive with their own call recording solutions.

Note: As confirmed with Frost & Sullivan, vendor D, E and F are key players in the contact centre applications market in Hong Kong. Our Group derives most of our revenue in the contact centre service market in Hong Kong which is different from the contact centre applications market. We have not been able to obtain the consent of vendors D, E and F for disclosing their names in the prospectus and consider that such information might not be necessary for the readers of the prospectus as our Group does not derive most of our revenue in the contact centre applications market.

REGULATORY AND LEGAL MATTERS

Licences and permits

The telecommunications industry in Hong Kong is governed by the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong) and the Office of the Telecommunications Authority (OFTA) of Hong Kong. As at the Latest Practicable Date, there are no regulations pursuant to which our Group must obtain any approvals and/or licences to carry on its existing scope of business.

The Unsolicited Electronic Messages Ordinance (Chapter 593 of the Laws of Hong Kong) ("**UEMO**") was enacted in May 2007 and had come into force. 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, short messages, 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. Our Group does not use any address harvesting software but sends commercial electronic messages in the form of short messages on behalf of our clients based on the customer lists provided by our clients. Our Company has sought legal opinion on our Group's compliance with UEMO. The Company's Hong Kong legal advisers, based on the documents and information provided by our Company, are of the view that our Group has complied with UEMO during the Track Record Period and up to the Latest Practicable Date. Our Directors share the same views with the Company's Hong Kong legal advisers and consider that our business is conducted in compliance with UEMO. As confirmed by the Group's Hong Kong legal adviser, the Group's current business activities comply with the UEMO.

For our provision of contact services involving general or life insurance products, our contact service staff are required to obtain the relevant insurance licences. As our contact services staff do not market or cross-sell any investment products, they do not need to hold any related licences from any regulatory authorities.

Our Company has sought legal opinion on whether our Group has obtained all the required licences, permits and certificates and complied with all applicable laws and regulations. The Company's Hong Kong legal advisers, based on the documents and information provided by our Company, are of the view that the services provided by our Group, apart from marketing and selling insurance products, do not fall within any specific category and/or industry which are subject to specific rules, laws, regulations, licensing requirements or approval. If there are no specific rules, laws, regulations, licensing requirements or approval for our Group to carry on its business, then no specific licensing or approval will be required. For marketing and selling insurance products, our Group and our contact service staff who are responsible to market and sell insurance products have obtained the relevant insurance licences according to the relevant laws and regulations and the Group has complied with the regulations of the HKFI during the Track Record Period and up to the Latest Practicable Date. As such, apart from obtaining the business registration certificate and the relevant insurance licences, our Group is not required to obtain any other licences, permits, certificates or approvals in Hong Kong and our Group has obtained all required licences, permits and certificates necessary for our Group to conduct its operations in Hong Kong during the Track Record Period and up to the Latest Practicable Date. Our Directors share the same views with the Company's Hong Kong legal advisers.

HISTORY AND DEVELOPMENT

BUSINESS HISTORY

In 1990, Mr. Wong and Mr. Ling and other business partners founded our Group.

The first contact service centre of our Group was established in January 1991 with around 30 workstations, which mainly focused on the provision of paging services after obtaining a licence to operate public telecommunication services in 280MHz.

In anticipation of the slowdown in demand for paging services after the launch of the Global System Mobile service, our Group began to expedite investment opportunities in outsourcing businesses in 1994. In order to support the operation expansion in capturing outsourcing business, our Group moved its office and contact service centre to Kowloon Bay, Kowloon and increased our contact service centre capacity to approximately 100 workstations in mid-1994. ETS started to provide outsourcing services to one of the major telecom operators in Hong Kong in 1995. In particular, ETS started to provide call centre facilities including the telephone system, telephone lines, call centre system, to recruit and provide training to staff under the employment of ETS and to be responsible for the daily operation and management of the call centre. At the same time, our Group started to put more efforts in developing and upgrading our system and applications softwares so as to provide more interactive and comprehensive services to cater for future business developments and the preferences among customers from different industries.

Having been in the industry since 1990, our Group gradually developed its reputation as a quality service provider in the Hong Kong contact service industry. Starting from 1995, our Group had entered into several contracts with telecommunications operators in Hong Kong and had experienced significant growth in our business. To capture the increasing demand of outsourcing business, our Group decided to further expand its contact service centre in Kowloon Bay, Kowloon with a capacity of approximately 180 workstations in 1997. In response to the rapid growth of our Group's contact service business, our Group adopted standardized work procedures and a comprehensive quality management system to maintain high quality services to its customers. In July 1997, ETS was awarded with ISO 9001 Quality Management System Certificate by Hong Kong Quality Assurance Agency (HKQAA), in the scope of design and provision of telemarketing and 24-hour customer service hotline. With a view to maximising return for our Group, our Group had further expanded the contact service centre at Kowloon Bay, Kowloon to approximately 320 workstations in 1999.

In order to better control the operational costs of our Group, we began to develop our own software system by making use of our own engineering expertise and experience in the telecommunications field in 2000. The development of our Group's own software had lessened our reliance on outside softwares and has effectively saved costs for running the contact service business. In 2000, our Group launched our own developed software, EPRO2K Call Centre Solution.

In late 2002, the upgraded version of EPRO2K known as EPRO3K, and later renamed as WISE-xb Contact Centre System, was launched, which provided a CTI platform that established links between computers and telephone systems, thus enabling our Group to offer comprehensive multi-media and functional services including customer care services, telemarketing, data-entry, data processing, and market survey. In the same year, our Group succeeded in bidding the tender from a government department, for which we served from 2003 to 2009 and derived an aggregate revenue of approximately HK$50 million.

Our Group had enhanced our operation of the enquiry hotlines and information services by integrating IVRS, call centre and helpdesk into one platform to enable the handling of multi-media incoming service requests through telephone, fax and email with the universal queuing system. The advanced communication centre system platform developed by our Group and together with its IVR voice guidance functions, outsourcing and secondment services, had helped to improve our business operation efficiency and to provide more statistics on enquiry handling for analysis.

Since 2003, our Group expanded its services to the public sector, including the banking and financial service and insurance sectors, and our major clients in these sectors included many of the major retail banks in Hong Kong and some multi-national insurance companies.

In order to capture the increasing demand of the outsourcing business, our Group established our second contact service centre at Quarry Bay, Hong Kong in early 2006 with an additional of around 150 workstations. Within the same year, our Group had established its third contact service centre in Kwun Tong, Kowloon which further provided around 170 workstations. At that time, our Group had a total of around 640 workstations in three contact service centres in Hong Kong.

In 2008, for ease of recruitment due to more labour force availability in Kowloon and New Territories regions, our Group had moved our contact service centre from Quarry Bay to Kwun Tong at Camelpaint Building, which increased the operation scale of our Group to over 850 workstations with over 1,000 contact service staff.

CORPORATE HISTORY

Before founding our Group, Mr. Wong was the manager of Star Paging Communications Limited for around 7 years and Mr. Ling was the founder of Epro Systems Limited ("ESL") and owned 50% of ESL since its incorporation in 1985. He had been the executive director of ESL since 1985 and had assumed non-executive role since February 1993 and resigned his directorship on 17 March 2000. Mr. Wong got acquainted with Mr. Ling on various business occasions and they had shared the same view on the potential opportunities of developing a paging business together. Consequently, Mr. Ling and ESL had acquired ETS and funded its initial capital in July 1990 with their personal or internal resources. On 8 November 1990, ETH was established as holding company of ETS in which, ETH was held as to 51% by ESL (which was owned as to 40% by Mr. Ling and 60% by Independent Third Parties), 35% by Pile Grow Limited, (which was owned by Mr. Wong and two Independent Third Parties, Mr. Lung Ying Nam and Mr. Nam Kwok Fu in equal shares) and 14% by Top Kent Investment Limited (which was owned by two Independent Third Parties, namely Mr. Wu Wai Hung and JPT Computer Services Limited in equal shares).

When our Group was founded in 1990, ESL was then owned as to 40% by Mr. Ling. On 8 July 2000, ESL became a wholly-owned subsidiary of ePRO Limited (Stock Code: 8086.HK), an issuer which was listed on the GEM on 27 July 2000. Our Directors confirm that Mr. Ling had swapped his interests in ESL through Paciglory Limited, a company wholly owned by him at the date thereof, into his shareholding of a related company of him at the date thereof in 2000. Mr. Ling had subsequently resigned his directorship in ESL on 17 March 2000. The Directors confirm that at the time our Group was established in 1990, ESL was one of the substantial shareholders of ETS, thus Mr. Ling and ESL agreed for our Group to use the trade name of "Epro" and/or "Epro Telecom" to distinguish it from ESL. Subsequently, when ESL ceased to be a shareholder of our Group in 1992, according to Mr. Ling, ESL agreed that our Group can use the trade name of "Epro" and/or "Epro Telecom" to develop its own business. However, no written document was signed between Mr. Ling and the other directors and shareholders of ESL at that material time and no monetary consideration was paid by our Group to ePRO Limited and/or its subsidiaries in this respect. Furthermore, since the establishment of our Group in 1990, we use the trade name of "Epro Telecom" in our marketing materials, in order to distinguish ourselves from ESL and also ePRO Limited and its subsidiaries.

ESL and our Group have successfully registered their respective trademarks in respect of its services in Hong Kong and had satisfied the registration requirements laid down in the Trade Marks Ordinance and Trade Marks Rules, both bearing the name of "Epro" but with distinguishable devices and logos. Our Group did not receive any refusal of registration from the Trade Marks Registry of the Government of HKSAR nor opposition by any third parties during the trade mark application. The Directors submit that the trade and service marks can help to distinguish ESL from our Group given that ESL has only registered its trademarks in class 42 (computer programming) while our Group had registered our trademark in classes 35, 38, 41, 42 which reflects our Group's business coverage is not limited to computer programming but also include the operation of telephone call centre, telecommunications services, training services for contact centres staff. Besides, our Group's marketing materials including our logo, letterhead and domain name are all bearing the name of "Epro Telecom" which can clearly distinguish ourselves from ESL. The details of our Group's trade and service marks are set out in the paragraph headed "Intellectual property rights of our Group" under the section headed "Statutory and General Information" in Appendix V to this prospectus. As mentioned in page 139 of this prospectus, as at the Latest Practicable Date, our Group was not aware of any infringement (i) by us of any intellectual property rights owned by third parties or (ii) by any third parties of any intellectual property rights owned by us. We were not engaged in any litigation or legal proceedings for any violation of intellectual property rights of any person, or of any material violation of any intellectual property rights of any person.

Further, our Directors consider that the current management of ePRO Limited will not object to the use of the trade names of "Epro" and/or "Epro Telecom" for the following reasons: (a) as confirmed by Mr. Ling, there was an agreement and understanding between Mr. Ling and other directors and shareholders of ESL for such use of name by our Group at that material time; (b) our Group has a long history of more than 20 years in the use of the trade name of "Epro" since its establishment; (c) our Group had successfully registered its trade and service mark bearing the name of "Epro" with the Intellectual Property Department in Hong Kong; (d) our Group had used the name "Epro Telecom" in all its market materials since its establishment; (e) our Group had not received any complaints from ePRO Limited and/or its subsidiaries in relation to the use of the names "Epro" and/or "Epro Telecom" over the last 20 years since our Group adopted such trade names; and (f) our Group was not engaged in any litigation, arbitration or claim and no litigation, arbitration or claim was known to our Group to be pending or threatened by or against our Group regarding the use of the trade names of "Epro" and/or "Epro Telecom".

Save as disclosed above and that Mr. Ling was the shareholder of ESL from 1985 to March 2000, ESL and ePRO Limited do not have any present and past relationship with our Group, our Directors, our Shareholders, members of our senior management and their respective associates, and ePRO Limited is an Independent Third Party.

A summary of the corporate history of each existing member of our Group is set out below:

Epro Telecom Services Limited

ETS was incorporated in Hong Kong on 23 February 1990 with authorized share capital of HK$10,000 divided into 10,000 shares of HK$1 each, of which 2 subscriber shares were issued and held by two Independent Third Parties, namely, Comsec Management Limited and Grand Faith Limited. ETS has been responsible for the management and operation of call centres since its incorporation.

On 25 July 1990, the 2 subscriber shares held by Grand Faith Limited and Comsec Management Limited were transferred, as to 1 share to Mr. Ling and the other 1 share to ESL for cash at par value as ETS has not yet commenced business. As agreed by Mr. Wong and Mr. Ling, ETH was established as the holding company of ETS. As such, ESL transferred its 1 share in ETS to ETH and the paid up capital of ETS was increased to HK$3,000,000 by the issue of an additional 2,999,998 shares of HK$1 each to ETH on 8 November 1990. After the increase in the paid up share capital and the issue of additional new shares, ETS was owned as to 99.99% by ETH and 0.01% by Mr. Ling.

On 30 December 1994, the authorized share capital was increased to HK$23,000,000 by the addition of 20,000,000 new shares and the same were allotted to ETH on the same day. After such allotment, ETS was owned as to 99.99% by ETH and 0.01% by Mr. Ling.

On 19 December 2001, Mr. Ling transferred his 1 share in ETS to Armfar Limited, a nominee company, which held the said 1 share on trust for ETH by execution of a trust deed on the same day of which the Company's Hong Kong legal advisers are of the view that is legal and valid. Therefore, ETS was wholly and beneficially owned by ETH.

On 1 November 2002, Armfar Limited transferred its 1 share in ETS to MSL, which held the said 1 share on trust for ETH by execution of a trust deed on the same day of which the Company's BVI legal advisers are of the view that is legal and valid. Therefore, ETS was still wholly and beneficially owned by ETH. Since then, the shareholding structure remains unchanged.

All the abovementioned transfers of shares of ETS are at par values and for respective investment purposes.

Save as disclosed above, Comsec Management Limited and Grand Faith Limited do not have any past or present relationship with our Group, its Directors, its Shareholders, members of senior management and their respective associates, and each of them is an Independent Third Party.

Summary of changes in shareholding percentage in the ordinary share capital of ETS

	Date of change					
	23 February 1990	**25 July 1990**	**8 November 1990**	**30 December 1994**	**19 December 2001**	**1 November 2002**
Shareholders						
Comsec Management Limited *(Note 1)*	50.00	n/a	n/a	n/a	n/a	n/a
Grand Faith Limited *(Note 1)*	50.00	n/a	n/a	n/a	n/a	n/a
Mr. Ling	n/a	50.00	0.01	0.01	n/a	n/a
Epro Systems Limited	n/a	50.00	n/a	n/a	n/a	n/a
ETH	n/a	n/a	99.99	99.99	99.99	99.99
Armfar Limited *(Note 2)*	n/a	n/a	n/a	n/a	0.01	n/a
MSL *(Note 3)*	n/a	n/a	n/a	n/a	n/a	0.01
	100%	100%	100%	100%	100%	100%

Notes

1. Comsec Management Limited and Grand Faith Limited are Independent Third Parties.

2. Armfar Limited holds the share of ETS on trust for ETH.

3. MSL holds the share of ETS on trust for ETH.

Epro Telecom Holdings Limited

ETH was incorporated in Hong Kong on 28 September 1990. At incorporation, the authorized share capital of ETH was HK$10,000 divided into 10,000 shares of HK$1.00 each, of which 2 subscriber shares were issued and held by two Independent Third Parties, namely Comsec Management Limited and Grand Faith Limited. ETH is the holding company of ETS and ELL. It has been responsible to provide supporting services to all group members since its incorporation.

On 8 November 1990, 4,449,998, 3,053,920 and 1,221,570 new shares were allotted and issued to ESL, Pile Grow Limited and Top Kent Investment Limited respectively. On the same day, the 2 subscriber shares held by Comsec Management Limited and Grand Faith Limited were transferred to ESL for cash at par value as ETH has not yet commenced business.

At the time of such transfer, ESL was held as to 40.09%, 0.01%, 13.30%, 44.30% and 2.30% by each of Mr. Ling, Mr. Chung Bing Fun, Mr. Wong Kee Sze, Peter, Laser Computer Limited and Mr. Lo Kar Chun respectively. Top Kent Investment Limited was held by two Independent Third Parties, namely Mr. Wu Wai Hung and JPT Computer Services Limited in equal Shares. Pile Grow Limited was owned by Mr. Wong and two Independent Third Parties, Mr. Lung Ying Nam and Mr. Nam Kwok Fu equally.

After such allotment, ETH was owned approximately as to 51% by ESL, 35% by Pile Grow Limited and 14% by Top Kent Investment Limited.

On 20 February 1991, three Independent Third Parties, namely Asia Venture Fund Limited, Transpac Ventures I Limited and Capital Income Limited had entered into a subscription agreement and acquired 2,195,388, 658,622 and 54,486 new shares of ETH respectively at a subscription price of HK$2.75 per share. After such allotment, ETH was owned approximately as to 38.25% by ESL, 26.25% by Pile Grow Limited (which was then owned as to 25%, 25%, 25%, 13% and 12% by Mr. Wong, and four Independent Third Parties, namely Mr. Lee Ming Tak, Mr. Liu Tin Chi, Mr. Li Wai Fong and Ms. Yeung Wai Ling respectively), 10.5% by Top Kent Investment Limited, 18.87% by Asian Venture Fund Limited, 5.66% by Transpac Ventures I Limited and 0.47% by Capital Income Limited respectively.

On 12 November 1992, ESL transferred its 4,450,000 shares in ETH to an Independent Third Party, Visionfine Limited. After such transfer, ESL has ceased to be a shareholder of ETH and ETH was owned approximately as to 38.25% by Visionfine Limited, 26.25% by Pile Grow Limited (which was then owned as to 25%, 25%, 25%, 13% and 12% by Mr. Wong, and four Independent Third Parties, namely Mr. Lee Ming Tak, Mr. Liu Tin Chi, Mr. Li Wai Fong and Ms. Yeung Wai Ling respectively), 10.5% by Top Kent Investment Limited, 18.87% by Asian Venture Fund Limited, 5.66% by Transpac Ventures I Limited and 0.47% by Capital Income Limited respectively.

On 3 October 1996, EGIL acquired a total of 11,633,985 shares from Visionfine Limited, Pile Grow Limited, Top Kent Investment Limited, Asian Venture Fund Limited, Transpac Venture I Limited and Capital Income Limited respectively, while Mr. Wong acquired the remaining 1 share from Pile Grow Limited on the same day. After such acquisition, ETH was owned as to 99.99% by EGIL and 0.01% by Mr. Wong.

On 19 December 2001, Mr. Wong transferred his 1 share in ETH to Armfar Limited, which was held on trust for EGIL of which the Company's Hong Kong legal advisers are of the view that is legal and valid. On 1 November 2002, Armfar Limited transferred its 1 share to MSL, which held the said 1 share on trust for EGIL of which the Company's Hong Kong legal advisers are of the view that is legal and valid. As such, ETH was wholly owned by EGIL.

On 1 November 2002, a trust deed was executed to nominate MSL to hold the 1 share of ETH on trust for EGIL of which the Company's BVI legal advisers are of the view that is legal and valid.

In late 2003, our Group was approached by and had discussions with an Independent Third Party, namely PacificNet Communications Limited with regard to possible acquisition of the interest of ETH. PacificNet Communications Limited was a wholly-owned subsidiary of PacificNet Inc., a listed company in the NASDAQ (National Association of Securities Dealers Automated Quotations) Stock Market in the United States, which mainly invests in companies that provide outsourcing and value-added services in China.

With the view of sharing the same management theory and the expectation to expand our Group's business, PacificNet Communications Limited entered into a sale and purchase agreement with EGIL on 1 December 2003 to acquire 3,866,993 shares in ETH and 3,900,000 new ordinary shares issued by ETH for a total consideration of USD$3,500,000 payable in cash (USD$500,000) and the issuance of common stock USD$3,000,000 (600,000 shares valued at USD$5.00 per share). Within 90 days after the completion of the said agreement, PacificNet Communications Limited was required to pay USD$500,000 to ETH and within 30 days of the completion of the said agreement, PacificNet Communications Limited was required to deliver 100,000 shares ("**deposit shares**") of common stock to EGIL as a refundable deposit. Consequently, all the cash consideration has been settled and the 600,000 shares were issued and the deposit shares had been released in accordance with the said agreement. The consideration was determined after arm's length negotiations between EGIL and PacificNet Communications Limited based on normal commercial terms with reference to a combination of factors including the net asset value of ETH as at 1 December 2003, the net income warranty by ETH and the future prospects of ETH. On 13 February 2004, the authorized capital of ETH was increased to HK$20,000,000. Pursuant to the said agreement, the 3,866,993 shares held by EGIL were transferred to PacificNet Communications Limited and 3,900,000 new shares of ETH were allotted on 16 February 2004. The consideration was used as a general working capital of ETH. Further, ETH provided a promissory note to PacificNet Financial Services Limited in September 2005 in return for a loan of HK$4,000,000 to strengthen the financial position of ETH and for the purpose of business expansion. The loan was fully repaid by ETH and the promissory note was released in 2008. On 31 March 2004, EGIL transferred its 2,330,097 shares of ETH to MSL. After the transfer and allotment, ETH was owned as to 50% by PacificNet Communications Limited, 35% by EGIL and 15% by MSL respectively.

On 28 December 2007, the authorized capital of ETH was increased to HK$40,000,000. On 2 January 2008, 1,500,000 shares and 3,500,000 shares were allotted and issued to MSL and EGIL respectively. The Directors were given to understand that the shift of the business focus of PacificNet Communications Limited to gaming and mobile game businesses and the intention of EGIL to continuously focus on the provision of call center and customer relationship management services in Hong Kong led to the decision of PacificNet Communications Limited to sell its entire interest in ETH to EGIL. As such, a sale and purchase agreement was entered into by the parties on 11 April 2008. The Directors were also given to understand that there was no dispute among PacificNet Communications Limited, EGIL and the then other shareholders of ETH which had led to the disposal by PacificNet Communications Limited of its entire interest in ETH to EGIL. Pursuant to the said sale and purchase agreement, PacificNet Communications Limited transferred its 7,766,993 shares in ETH to EGIL at a total consideration of HK$21,000,000, which was based on the agreed company value of ETH in the amount of approximately HK$55 million when PacificNet Communications Limited acquired 50% shareholding of ETH on 16 February 2004 and PacificNet Communications Limited's percentage shareholding of approximately 38% in ETH as at the date of the said sale and purchase agreement. On 8 May 2008, MSL transferred its 3,830,097 shares in ETH to EGIL. After such sale and purchase and transfer, ETH was owned as to 99.99% by EGIL and 0.01% by MSL which hold on trust for EGIL. As such, ETH was wholly and beneficially owned by EGIL.

Unless otherwise stated, all the abovementioned transfers of shares of ETH are at par values and for respective investment purposes.

Save as disclosed above, Comsec Management Limited, Grand Faith Limited, ESL, Pile Grow Limited, Top Kent Investment Limited, Asian Venture Fund Limited, Transpac Venture I Limited, Capital Income Limited, Visionfine Limited and PacificNet Communications Limited do not have any past or present relationship with our Group, its Directors, its Shareholders, members of senior management and their respective associates, and each of them is an Independent Third Party.

Summary of changes in shareholding percentage in the ordinary share capital of ETH:

	Date of change											
	28 September 1990	8 November 1990	20 February 1991	12 November 1992	3 October 1996	19 December 2001	1 November 2002	16 February 2004	31 March 2004	2 January 2008	14 April 2008	8 May 2008
Shareholders												
Comsec Management Limited *(Note 1)*	50.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Grand Faith Limited *(Note 1)*	50.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ESL	n/a	51.00	38.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pile Grow Limited *(Note 2)*	n/a	35.00	26.25	26.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Top Kent Investment Limited *(Note 3)*	n/a	14.00	10.50	10.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asian Venture Fund Limited	n/a	n/a	18.87	18.87	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Transpac Venture I Limited	n/a	n/a	5.66	5.66	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital Income Limited	n/a	n/a	0.47	0.47	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Visionfine Limited	n/a	n/a	n/a	38.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Wong	n/a	n/a	n/a	n/a	0.01	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EGIL	n/a	n/a	n/a	n/a	99.99	99.99	99.99	49.99	35.00	43.52	81.35	99.99
Armfar Limited *(Note 4)*	n/a	n/a	n/a	n/a	n/a	0.01	n/a	n/a	n/a	n/a	n/a	n/a
PacificNet Communications Limited	n/a	n/a	n/a	n/a	n/a	n/a	n/a	50.00	50.00	37.82	n/a	n/a
MSL *(Note 5)*	n/a	n/a	n/a	n/a	n/a	n/a	0.01	0.01	15.00	18.66	18.65	0.01
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Notes:

1. Comsec Management Limited and Grand Faith Limited are Independent Third Parties.

2. Pile Grow Limited was owned by Mr. Wong, Lung Ying Nam and Nam Kwok Fu equally. As at 20 February 1991, Pile Grow Limited was owned as to 25% by Mr. Wong, 25% by Lee Ming Tak, 25% by Liu Tin Chi, 13% by Li Wai Fong and 12% by Yeung Wai Ling respectively.

3. Top Kent Investment Limited was owned as to 50% by JPT Computer Services Limited and 50% by Wu Wai Hung. As at 20 February 1991, Top Kent Investment Limited was owned as to 51.3% by Mr. Ling, 24.4% by Wong Kee Sze, Peter, 16.3% by Chun Yuen Chung and 8.1% by Wu Wai Hung respectively.

4. Armfar Limited holds the share of ETH on trust for EGIL.

5. MSL holds the shares of ETH on trust for EGIL.

Merry Silver Limited

MSL was incorporated in BVI on 3 November 2000 with an authorized share capital of US$50,000 divided into 50,000 shares of US$1 each. MSL is formed for the purpose of investment holding.

On 6 December 2000, 1 share of MSL was allotted to Mr. Wong Kee Sze, Peter. On 7 March 2003, 1 share of MSL was allotted to Mr. Wong and Mr. Ling respectively. On 9 November 2005, Mr. Wong Kee Sze, Peter transferred its 1 share in MSL to Mr. Wong and Mr. Ling acquired 1 share in MSL.

On 11 June 2008, the paid up share capital of MSL increased from US$4.00 to US$10,000 and 4,698 shares, 4,598 shares, 500 shares and 200 shares were allotted and issued to Mr. Wong, Mr. Ling, Ms. Chang and Ms. Ting respectively. After such allotment, MSL was then owned as to 47% by Mr. Wong, 46% by Mr. Ling, 5% by Ms. Chang and 2% by Ms. Ting respectively. Since then, the shareholding structure of MSL remains unchanged.

All the abovementioned transfers of shares of MSL are at par values and for respective personal investment purposes.

Save as disclosed above and save for the fact that Mr. Wong Kee Sze, Peter was a director of Top Kent from 31 December 1992 to 23 October 2009 and a director of MSL from 6 December 2000 to 9 November 2005. Mr. Wong Kee Sze, Peter does not have any past or present relationship with our Group, its Directors, its Shareholders, members of senior management and their respective associates, and he is an Independent Third Party.

Summary of changes in shareholding percentage in the ordinary share capital of MSL:

	Date of change			
	6 December 2000	**7 March 2003**	**9 November 2005**	**11 June 2008**
Shareholders				
Wong Kee Sze, Peter	100.00	33.33	n/a	n/a
Mr. Wong	n/a	33.34	50.00	47.00
Mr. Ling	n/a	33.33	50.00	46.00
Ms. Chang	n/a	n/a	n/a	5.00
Ms. Ting	n/a	n/a	n/a	2.00
	100%	100%	100%	100%

Epro Group International Limited

EGIL was incorporated in Hong Kong on 22 June 1995 with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1 each, of which 2 subscriber shares were issued and held by two Independent Third Parties, namely Common Vote Nominees Limited and Common Poll Nominees Limited. EGIL is formed for the purpose of investment holding.

On 6 September 1995, the 2 subscriber shares were transferred, as to 1 share to Mr. Ling and the other 1 share to Mr. Wong for cash at par value as EGIL has not yet commenced business. Mr. Wong and Mr. Ling were directors of ETH since its establishment.

On 26 July 1996, our Group invited some investors to invest in EGIL, namely, Ms. Chang, Mr. Leung Wai Hing, Mr. Li Wai Fong, Mr. Lee Ming Tak, Mr. Liu Tin Chi, Mr. Ng Sau Ping, Paciglory Limited, Mr. So Tsz For, Ms. Ting, Top Kent Investment Limited, Mr. Wong Kee Sze, Peter, Wonder Century Investments Limited. As such, 100 shares, 100 shares, 1,350 shares, 2,050 shares, 650 shares, 1,100 shares, 1,319 shares, 650 shares, 100 shares, 420 shares, 310 shares, 500 shares and 1,349 shares were allotted and issued to the abovenamed respectively. After such allotment, EGIL was then owned approximately as to 13.5% by Mr. Wong, 0.01% by Mr. Ling, 1% by Ms. Chang, 1% by Mr. Leung Wai Hing, 13.5% by Mr. Li Wai Fong, 20.5% by Mr. Lee Ming Tak, 6.5% by Mr. Liu Tin Chi, 11% by Mr. Ng Sau Ping, 13.19% by Paciglory Limited, 6.5% by Mr. So Tsz For, 1% by Ms. Ting, 4.2% by Top Kent Investment Limited, 3.1% by Mr. Wong Kee Sze, Peter and 5% by Wonder Century Investments Limited respectively. Top Kent Investment Limited was owned as to 51.3% by Mr. Ling, 24.4% by Mr. Wong Kee Sze, Peter, 16.3% by Mr. Chun Yuen Chung and 8.1% by Mr. Wu Wai Hung respectively.

On 12 March 1997, Mr. Lee Ming Tak transferred his 150 shares, 50 shares, 100 shares, 50 shares and 150 shares in EGIL to Mr. Li Wai Fong, Mr. Liu Tin Chi, Paciglory Limited, Mr. So Tsz For and Mr. Wong respectively. After such transfer, EGIL was owned approximately as to 1% by Ms. Chang, 1% by Mr. Leung Wai Hing, 15% by Mr. Li Wai Fong, 15.5% by Mr. Lee Ming Tak, 7% by Mr. Liu Tin Chi, 0.01% by Mr. Ling, 11% by Mr. Ng Sau Ping, 14.19% by Paciglory Limited, 7% by Mr. So Tsz For, 1% by Ms. Ting, 4.2% by Top Kent Investment Limited, 3.1% by Mr. Wong Kee Sze, Peter, 5% by Wonder Century Investments Limited and 15% by Mr. Wong respectively.

On 28 February 1999, the issued share capital of EGIL was increased to HK$13,000,000 by allotment and issue of 129,900 shares, 129,900 shares, 1,948,500 shares, 909,300 shares, 1,428,900 shares, 1,844,580 shares, 909,300 shares, 129,900 shares, 545,580 shares, 402,690 shares, 649,500 shares, 1,948,500 shares to Ms. Chang, Mr. Leung Wai Hing, Mr. Li Wai Fong, Mr. Liu Tin Chi, Mr. Ng Sau Ping, Paciglory Limited, Mr. So Tsz For, Ms. Ting, Top Kent Investment Limited, Mr. Wong Kee Sze, Peter, Wonder Century Investments Limited and Mr. Wong respectively.

On 12 March 1999, Mr. Lee Ming Tak transferred his 1,550 shares in EGIL to Mr. Li Wai Fong and Mr. Ling transferred his 1 share in EGIL to Paciglory Limited. After such transfer, EGIL was owned approximately as to 1.18% by Ms. Chang, 1.18% by Mr. Leung Wai Hing, 17.76% by Mr. Li Wai Fong, 8.28% by Mr. Liu Tin Chi, 13.01% by Mr. Ng Sau Ping, 16.81% by Paciglory Limited, 8.28% by Mr. So Tsz For, 1.18% by Ms. Ting, 4.97% by Top Kent Investment Limited, 3.67% by Mr. Wong Kee Sze, Peter, 5.92% by Wonder Century Investments Limited and 17.76% by Mr. Wong respectively.

On 6 March 2000, 119,122 shares, 166,771 shares, 23,824 shares, 200,000 shares, 230,000 shares, 357,652 shares, 166,771 shares, 73,856 shares, 338,307 shares and 100,063 shares of EGIL were allotted and issued to Wonder Century Investments Limited, Mr. So Tsz For, Ms. Chang, Mr. Wong, Mr. Ng Sau Ping, Mr. Li Wai Fong, Mr. Liu Tin Chi, Mr. Wong Kee Sze, Peter, Paciglory Limited and Top Kent Investment Limited respectively.

On 5 November 1999, Mr. Leung Wai Hing transferred his 130,000 shares in EGIL to Mr. Wong. On 15 November 2001, Wonder Century Investments Limited transferred 769,122 shares in EGIL to Full Money Finance Inc, an Independent Third Party, and Mr. Ng Sau Ping transferred 1,660,000 shares in EGIL to Full Money Finance Inc on the same day. On 22 November 2001, Mr. Liu Tin Chi and Mr. So Tsz For transferred 1,076,771 shares and 1,076,771 shares in EGIL to an Independent Third Party, Longchamp Investments Group Limited respectively.

On 24 November 2001, Mr. Li Wai Fong transferred his 2,309,202 shares to an Independent Third Party, Far Ocean Developments Limited. Mr. Liu Tin Chi and Mr. So Tsz For transferred their respective 1,076,771 shares and 1,076,771 shares to Longchamp Investments Group Limited on the same day, and Mr. Ng Sau Ping and Wonder Century Investments Limited transferred their respective 1,660,000 shares and 769,122 shares to Full Money Finance Inc. After such transfer, EGIL was owned approximately as to 1.21% to Ms. Chang, 19.04% by Full Money Finance Inc, 16.87% by Longchamp Investments Group Limited, 18.09% by Far Ocean Developments Limited, 17.11% by Paciglory Limited, 1.02% by Ms. Ting, 5.06% by Top Kent Investment Limited, 3.74% by Mr Wong Kee Sze, Peter and 17.86% by Mr. Wong respectively.

On 7 September 2002, Far Ocean Developments Limited, Full Money Finance Inc and Longchamp Investments Group Limited transferred their 2,309,202 shares, 2,429,122 shares and 2,153,542 shares in EGIL to MSL respectively. After such transfer, EGIL was owned approximately as to 1.21% to Ms. Chang, 17.11% by Paciglory Limited, 1.02% by Ms. Ting, 5.06% by Top Kent Investment Limited, 3.74% by Mr Wong Kee Sze, Peter, 17.86% by Mr. Wong and 54% by MSL respectively.

On 10 November 2005, Mr. Wong Kee Sze, Peter transferred his 238,428 shares and 238,428 shares in EGIL to Mr. Wong and Mr. Ling respectively. After such transfer, EGIL was owned approximately as to 1.21% by Ms. Chang, 17.11% by Paciglory Limited, 1.02% by Ms. Ting, 5.06% by Top Kent Investment Limited, 54% by MSL, 19.73% by Mr. Wong and 1.87% by Mr. Ling respectively. Top Kent Investment Limited was owned as to 51.3% by Ms. Chang, 24.4% by Mr. Wong Kee Sze, Peter, 16.3% by Mr. Chun Yuen Chung and 8.1% by Mr. Wu Wai Hung respectively.

On 11 July 2008, MSL acquired 153,824 shares, 2,184,307 shares, 130,000 shares, 646,063 shares, 2,518,428 shares and 238,428 shares in EGIL from Ms. Chang, Paciglory Limited, Ms. Ting, Top Kent Investment Limited, Mr. Wong and Mr. Ling respectively. On the same day, a trust deed was executed to nominate Mr. Wong to hold the 1 share of EGIL on trust for MSL of which the Company's Hong Kong legal advisers are of the view that is legal and valid. After such acquisition of shares by MSL, MSL and Mr. Wong owned 12,762,915 shares and 1 share in EGIL respectively. As such, EGIL was wholly and beneficially owned by MSL.

All the abovementioned transfers of shares of EGIL are at par values and for respective personal investment purposes.

Save as disclosed above, Common Vote Nominees Limited, Common Poll Nominees Limited, Mr. Leung Wai Hing, Mr. Li Wai Fong, Mr. Lee Ming Tak, Mr. Liu Tin Chi, Mr. Ng Sau Ping, Paciglory Limited, Mr. So Tsz For, Top Kent Investment Limited, Mr. Wong Kee Sze, Peter, Wonder Century Investments Limited, Full Money Finance Inc, Longchamp Investments Group Limited and Far Ocean Developments Limited do not have any past or present relationship with our Group, its Directors, its Shareholders, members of senior management and their respective associates, and each of them is an Independent Third Party.

Summary of changes in shareholding percentage in the ordinary share capital of EGIL:

	Date of change												
	22 June 1995	6 September 1995	26 July 1996	12 March 1997	28 February 1999	12 March 1999	6 March 2000	5 November 2001	22 November 2001	24 November 2001	7 September 2002	10 November 2005	11 July 2008
Shareholders													
Common Vote Nominees Limited *(Note 1)*	50.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Common Poll Nominees Limited *(Note 1)*	50.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Wong *(Note 4)*	n/a	50.00	13.50	15.00	17.75	17.76	16.84	17.86	17.86	17.86	17.86	19.73	0.01
Mr. Ling	n/a	50.00	0.01	0.01	0.01	n/a	n/a	n/a	n/a	n/a	n/a	1.87	n/a
Ms. Chang	n/a	n/a	1.00	1.00	1.18	1.18	1.20	1.20	1.20	1.21	1.21	1.21	n/a
Ms. Ting	n/a	n/a	1.00	1.00	1.18	1.18	1.02	1.02	1.02	1.02	1.02	1.02	n/a
Leung Wai Hing	n/a	n/a	1.00	1.00	1.18	1.18	1.02	n/a	n/a	n/a	n/a	n/a	n/a
Li Wai Fong	n/a	n/a	13.50	15.00	17.75	17.76	18.09	18.09	18.09	n/a	n/a	n/a	n/a
Lee Ming Tak	n/a	n/a	20.50	15.50	0.01	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LiuTin Chi	n/a	n/a	6.50	7.00	8.28	8.28	8.44	8.44	n/a	n/a	n/a	n/a	n/a
Ng Sau Ping	n/a	n/a	11.00	11.00	13.02	13.01	13.01	n/a	n/a	n/a	n/a	n/a	n/a
Paciglory Limited *(Note 2)*	n/a	n/a	13.19	14.19	16.80	16.81	17.11	17.11	17.11	17.11	17.11	17.11	n/a
So Tsz For	n/a	n/a	6.50	7.00	8.28	8.28	8.44	8.44	n/a	n/a	n/a	n/a	n/a
Top Kent Investment Limited *(Note 3)*	n/a	n/a	4.20	4.20	4.97	4.97	5.06	5.06	5.06	5.06	5.06	5.06	n/a
Wong Kee Sze, Peter	n/a	n/a	3.10	3.10	3.67	3.67	3.74	3.74	3.74	3.74	3.74	n/a	n/a
Wonder Century Investments Limited	n/a	n/a	5.00	5.00	5.92	5.92	6.03	n/a	n/a	n/a	n/a	n/a	n/a
Full Money Finance Inc	n/a	n/a	n/a	n/a	n/a	n/a	n/a	19.04	19.04	19.04	n/a	n/a	n/a
Longchamp Investments Group Limited	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	16.88	16.87	n/a	n/a	n/a
Far Ocean Developments Limited	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	18.09	n/a	n/a	n/a
MSL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	54.00	54.00	99.99
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Notes

1. Common Vote Nominees Limited and Common Poll Nominees Limited are Independent Third Parties.

2. Paciglory Limited was owned by Mr. Ling and Ms. Ling Yuck Loon in equal proportions. As at 5 November 2001, Paciglory Limited was beneficially owned by Mr. Ling and his lawful wife, Ms. Ku Ming Heung in equal proportions.

3. Top Kent Investment Limited is owned as to 51.3% by Mr. Ling, 24.4% by Wong Kee Sze Peter, 16.3% by Chun Yuen Chung and 8.1% by Wu Wai Hung.

4. As at 11 July 2008, Mr. Wong held the share of EGIL on trust for MSL.

Epro Logic Limited

ELL was incorporated in Hong Kong on 18 April 1989 with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1 each, of which 2 subscriber shares were issued and held by two Independent Third Parties, namely Canway Secretarial Services Co., Ltd and Dutsun Court Company Limited. ELL is formed by Mr. Wong, Mr. Ling and their business partners in the information technology and telecommunication industries and has been responsible for our Group's technology maintenance and modifications since its incorporation.

On 28 September 1989, 1 share in ELL was issued and allotted to Mr. Li Wai Fong.

On 18 October 1989, the 2 subscriber shares held by two companies which provide company secretarial services to ELL, namely, Canway Secretarial Services Co., Ltd and Dutsun Court Company Limited were transferred, as to 1 share to Mr. Lee Ming Tak and other 1 share to Mr. Wong for cash at par value as ELL has not yet commenced business. On 26 March 1990, 166,665 shares, 166,665 shares and 166,667 shares were issued and allotted to Mr. Lee Ming Tak, Mr. Wong and Mr. Li Wai Fong respectively. After such allotment, ELL was then owned as to approximately one-third by each of Mr. Lee Ming Tak, Mr. Wong and Mr. Li Wai Fong respectively.

On 30 January 1991, Paging Services Inc, a wholly owned subsidiary of EGIL, acquired 166,668 shares, 166,666 shares and 166,666 shares in ELL from Mr. Lee Ming Tak, Mr. Wong and Mr. Li Wai Fong respectively. After such transfer, ELL was owned as to 99.99% by Paging Services Inc and 0.01% to Mr. Wong respectively.

On 19 December 2001, Mr. Wong transferred his 1 share in ELL to Armfar Limited, which held the said 1 share by Armfar Limited on trust for Paging Services Inc of which the Company's Hong Kong legal advisers are of the view that is legal and valid. As such, ELL was wholly and beneficially owned by Paging Services Inc.

On 1 November 2002, MSL acquired 1 share of ELL from Armfar Limited. On the same day, a trust deed is executed to nominee MSL to hold the said 1 share in ELL on trust for Paging Services Inc of which the Company's BVI legal advisers are of the view that is legal and valid. After such transfer, ELL was wholly and beneficially owned by Paging Services Inc.

On 19 February 2009, ELL was owned to 99.99% by ETH and 0.01% by MSL which hold on trust for ETH. As such, ELL was wholly and beneficially owned by ETH.

On 16 March 2010, the authorized share capital of ELL was increased to HK$5,000,000 which was divided into 5,000,000 shares of HK$1.00 each. On the same day, 2,500,000 shares in ELL were allotted to ETH. After such allotment, ELL was owned to 99.99% by ETH and 0.01% by MSL which hold on trust for ETH and the shareholding structure remains unchanged since then.

All the abovementioned transfers of shares of ELL are at par values and for respective personal investment purposes.

Save as disclosed above, Canway Secretarial Services Co., Ltd, Dutsun Court Company Limited, Mr. Li Wai Fong and Mr. Lee Ming Tak do not have any past or present relationship with our Group, its Directors, its Shareholders, members of senior management and their respective associates, and each of them is an Independent Third Party.

Summary of changes in shareholding percentage in the ordinary share capital of ELL:

	Date of change							
	18 April 1989	28 September 1989	26 March 1990	30 January 1991	19 December 2001	1 November 2002	19 February 2009	16 March 2010
Shareholders								
Canway Secretarial Services Co., Ltd *(Note 1)*	50.00	33.34	n/a	n/a	n/a	n/a	n/a	n/a
Dutsun Court Company Limited *(Note 1)*	50.00	33.33	n/a	n/a	n/a	n/a	n/a	n/a
Li Wai Fong	n/a	33.33	33.33	n/a	n/a	n/a	n/a	n/a
Lee Ming Tak	n/a	n/a	33.33	n/a	n/a	n/a	n/a	n/a
Mr. Wong	n/a	n/a	33.34	0.01	n/a	n/a	n/a	n/a
Paging Services Inc	n/a	n/a	n/a	99.99	99.99	99.99	n/a	n/a
Armfar Limited *(Note 2)*	n/a	n/a	n/a	n/a	0.01	n/a	n/a	n/a
MSL *(Note 3)*	n/a	n/a	n/a	n/a	n/a	0.01	0.01	0.01
ETH *(Note 4)*	n/a	n/a	n/a	n/a	n/a	n/a	99.99	99.99
	100%	100%	100%	100%	100%	100%	100%	100%

Notes:

1. Canway Secretarial Services Co., Ltd and Dutsun Court Company Limited are Independent Third Parties.

2. Armfar Limited holds the share of ELL on trust for Paging Services Inc.

3. MSL holds the share of ELL on trust for Paging Services Inc. As at 19 February 2009, MSL hold the share of ELL on trust for ETH.

4. To segment the Group's call centre business from the research and development which is conducted in the PRC, our Group disposed of its interest in Epro Investment Inc. and its subsidiaries and acquired the entire 500,000 Shares in ELL held by Epro Investment Inc. at a consideration of HK$3.0 million. ELL holds the ownership of WISE-xb System. The consideration of HK$3.0 million was based on a debt owing to our Group in the sum of HK$3.0 million by Epro Investment Inc.. It was agreed that the consideration would be set off against amounts owed by Epro Investment Inc. to our Group.

Epro Marketing Limited

EML was incorporated in Hong Kong on 30 January 1995 with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1 each, of which 2 subscriber shares were issued and held by two Independent Third Parties, namely T & T Registrations Limited and Symbol (Nominees) Company Limited. EML has been responsible for undertaking different business contracts and insurance licence registrations of our Group in compliance with the regulation of the Hong Kong Federation of Insurers ("**HKFI**"), whereby it requires that each company registered with HKFI as insurance agent can only provide insurance related services and represent four insurance intermediaries at one time. Given that our Group has represented more than four insurance intermediary clients, our Group used EML as one of the companies within our Group to capture potential insurance intermediary clients. As at the Latest Practicable Date, our Group is representing 8 insurance intermediary clients, EML is representing four clients, IBS is representing two clients, and the reminding two clients are represented by ETS. Mr. Wong and Mr. Ling were directors of EML since its establishment. On 26 June 1995, the 2 subscriber shares held by two companies which provide company secretarial services to EML, namely, T & T Registrations Limited and Symbol (Nominees) Company Limited were transferred, as to 1 share to Mr. Wong and the other 1 share to Epro Paging Services Limited for cash at par value as EML has not yet commenced business. On 19 December 2001, Mr. Wong transferred its 1 share in EML to Armfar Limited, which held the 1 share in EML on trust for ETS of which the Company's Hong Kong legal advisers are of the view that is legal and valid. After such transfer, EML was wholly and beneficially owned by ETS.

On 1 November 2002, MSL acquired 1 share in EML from Armfar Limited and held the same on trust for ETS of which the Company's BVI legal advisers are of the view that is legal and valid.

On 12 January 2010, the authorized share capital was increased to HK$5,000,000 by creation of an additional 4,990,000 shares, in which 2,999,998 new shares were allotted to ETS. Since then, EML is wholly and beneficially owned by ETS and the shareholding remains unchanged.

All the abovementioned transfers of shares of EML are at par values and for respective personal investment purposes.

Save as disclosed above, T & T Registrations Limited and Symbol (Nominees) Company Limited do not have any past or present relationship with our Group, its Directors, its Shareholders, members of senior management and their respective associates, and each of them is an Independent Third Party.

Summary of changes in shareholding percentage in the ordinary share capital of EML:

	Date of change				
	30 January 1995	26 June 1995	19 December 2001	1 November 2002	12 January 2010
Shareholders					
T & T Registrations Limited *(Note 1)*	50.00	n/a	n/a	n/a	n/a
Symbol (Nominees) *(Note 1)* Company Limited	50.00	n/a	n/a	n/a	n/a
Mr. Wong	n/a	50.00	n/a	n/a	n/a
ETS	n/a	50.00	50.00	50.00	99.99
Armfar Limited *(Note 2)*	n/a	n/a	50.00	n/a	n/a
MSL *(Note 3)*	n/a	n/a	n/a	50.00	0.01
	100%	100%	100%	100%	100%

Notes:

1. T & T Registrations Limited and Symbol (Nominees) Company Limited are Independent Third Parties.

2. Armfar Limited holds the share of EML on trust for ETS.

3. MSL holds the share of EML on trust for ETS.

Interactive Business Services Limited

IBS was incorporated in Hong Kong on 7 May 1999, and its entire issued share capital was acquired by ETS and Mr. Wong on the same day at a nominal value of HK$2. IBS has been responsible for undertaking different business contracts and insurance licence registrations of our Group in compliance with the regulation of the HKFI, whereby it requires that each company registered with HKFI as insurance agent can only provide insurance related services and represent four insurance intermediaries at one time. Given that our Group has represented more than four insurance intermediary clients, our Group used IBS as one of the companies within our Group to capture potential insurance intermediary clients. As at the Latest Practicable Date, our Group is representing 8 insurance intermediary clients, IBS is representing two clients, EML is representing four clients, and the reminding two clients are represented by ETS. Mr. Wong and Mr. Ling were directors of IBS since its establishment. On 19 December 2001, Mr. Wong transferred his 1 share in IBS to Armfar Limited, which held on trust for ETS of which the Company's Hong Kong legal advisers are of the view that is legal and valid. On 1 November 2002, Armfar Limited transferred its 1 share in IBS to MSL, which also held on trust for ETS of which the Company's BVI legal advisers are of the view that is legal and valid.

On 26 April 2010, the authorized share capital of IBS increased to HK$5,000,000 by creation of addition 4,999,000 shares and 2,999,998 new shares were issued and allotted to ETS on the same day. After such allotment, IBS was owned as to 99.99% by ETS and 0.01% by MSL. Therefore, IBS was wholly and beneficially owned by ETS.

All the abovementioned transfers of shares of IBS are at par values and for respective personal investment purposes.

Summary of changes in shareholding percentage in the ordinary share capital of IBS:

	Date of change			
	7 May 1999	**19 December 2001**	**1 November 2002**	**26 April 2010**
Shareholders				
ETS	50.00	50.00	50.00	99.99
Mr. Wong	50.00	n/a	n/a	n/a
Armfar Limited *(Note 1)*	n/a	50.00	n/a	n/a
MSL *(Note 2)*	n/a	n/a	50.00	0.01
	100%	100%	100%	100%

Notes:

1. Armfar Limited holds the share of IBS on trust for ETS.

2. MSL holds the share of IBS on trust for ETS.

Epro Online Services Limited

EOSL was incorporated in Hong Kong on 30 July 2004, with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1 each. At incorporation, Ms. Cheung Lei Tsing, Patricia who is the lawful wife of Mr. Wong held 1 share in EOSL.

On 1 February 2010, Ms. Cheung Lei Tsing, Patricia transferred her 1 share in EOSL to EGIL. The transfer of share at par value was due to the reason that EOSL was established solely for the purpose of contract diversification. EOSL itself is not engaged in any business activities and does not have any asset or any profit. In view of that, our Directors consider that EOSL should only be acquired at par value. After such transfer, EOSL was wholly owned by EGIL.

Summary of changes in shareholding percentage in the ordinary share capital of EOSL:

	Date of change	
	30 July 2004	1 February 2010
Shareholders		
Cheung Lei Tsing, Patricia *(Note)*	100.00	n/a
EGIL	n/a	100.00
	100%	100%

Note: Ms. Cheung Lei Tsing, Patricia is the lawful wife of Mr. Wong

REORGANIZATION

Our Group underwent the Reorganization in preparation for the Listing. The Reorganization involved the following steps:

- On 29 June 2011, the Company was incorporated in the Cayman Islands as an exempted company with limited liability and the entire issued share capital of which was then transferred to EGIL on the same date.

- On 15 June 2011, Eastside Fortune was incorporated in BVI and 1 share of which was issued and allotted to EGIL on 15 August 2011.

- On 9 June 2011, Excel Deal was incorporated in BVI and 47 shares, 46 shares, 5 shares and 2 shares were issued and allotted to Mr. Wong, Mr. Ling, Ms. Chang and Ms. Ting respectively on 15 August 2011.

- On 13 July 2011, pursuant to a resolution passed by the sole Shareholder, the name of the Company had been changed from Epro Telecom Services Group Ltd. to Epro Telecom Services Group Limited 易寶通訊服務集團有限公司 with effect from 13 July 2011.

- On 24 November 2011, pursuant to the resolution passed by the sole Shareholder, the name of the Company has been changed from Epro Telecom Services Group Limited 易寶通訊服務集團有限公司 to ETS Group Limited 易通訊集團有限公司 with effect from 24 November 2011.

- On 12 December 2011, EGIL transferred the entire issued ordinary share capital in EOSL to ETS in consideration of ETS allotting and issuing 1 new share to ETH and ETH in turn allotting and issuing 1 new share to EGIL on the same date.

- On 12 December 2011, as it is intended that EGIL will keep holding the other companies which will not form part of our Group and will not form part of the businesses of our Group (apart from some of the said other companies which have continuing connected transactions with the Group as disclosed in the section headed "Connected Transactions" in this prospectus), EGIL transferred the entire issued share capital in ETH to Eastside Fortune in consideration of Eastside Fortune issuing and allotting 1 new share, credited as fully paid to EGIL.

- On 13 December 2011, EGIL transferred the entire ordinary issued share capital in Eastside Fortune to the Company in consideration of the Company issuing and allotting 1 new Share, credited as fully paid, to EGIL.

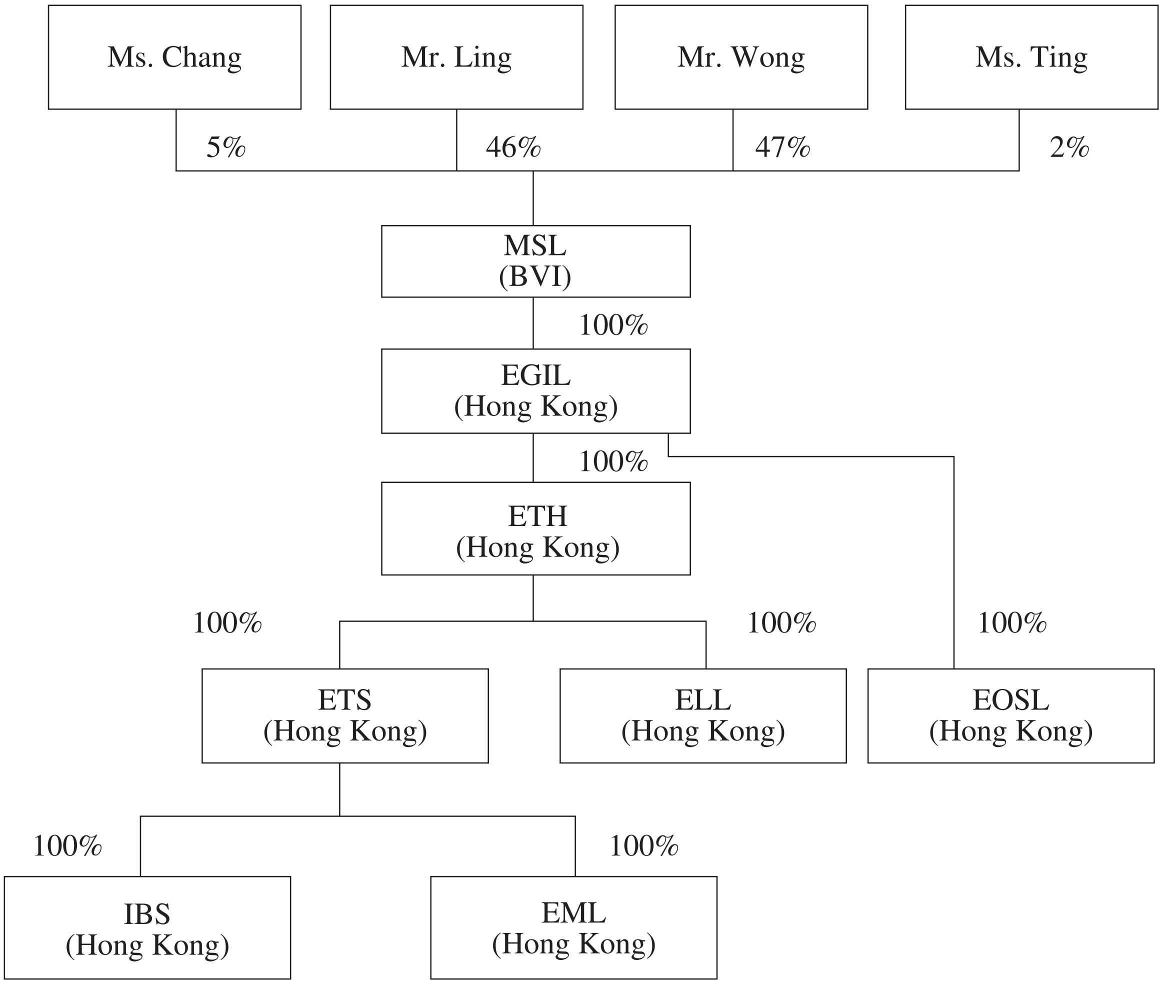
- On 13 December 2011, the Company increased its authorized share capital from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares.

- On 16 December 2011, EGIL transferred 2 Shares to Excel Deal in consideration of Excel Deal allotting and issuing 47 shares, 46 shares, 5 shares and 2 shares to Mr. Wong, Mr. Ling, Ms. Chang and Ms. Ting respectively.

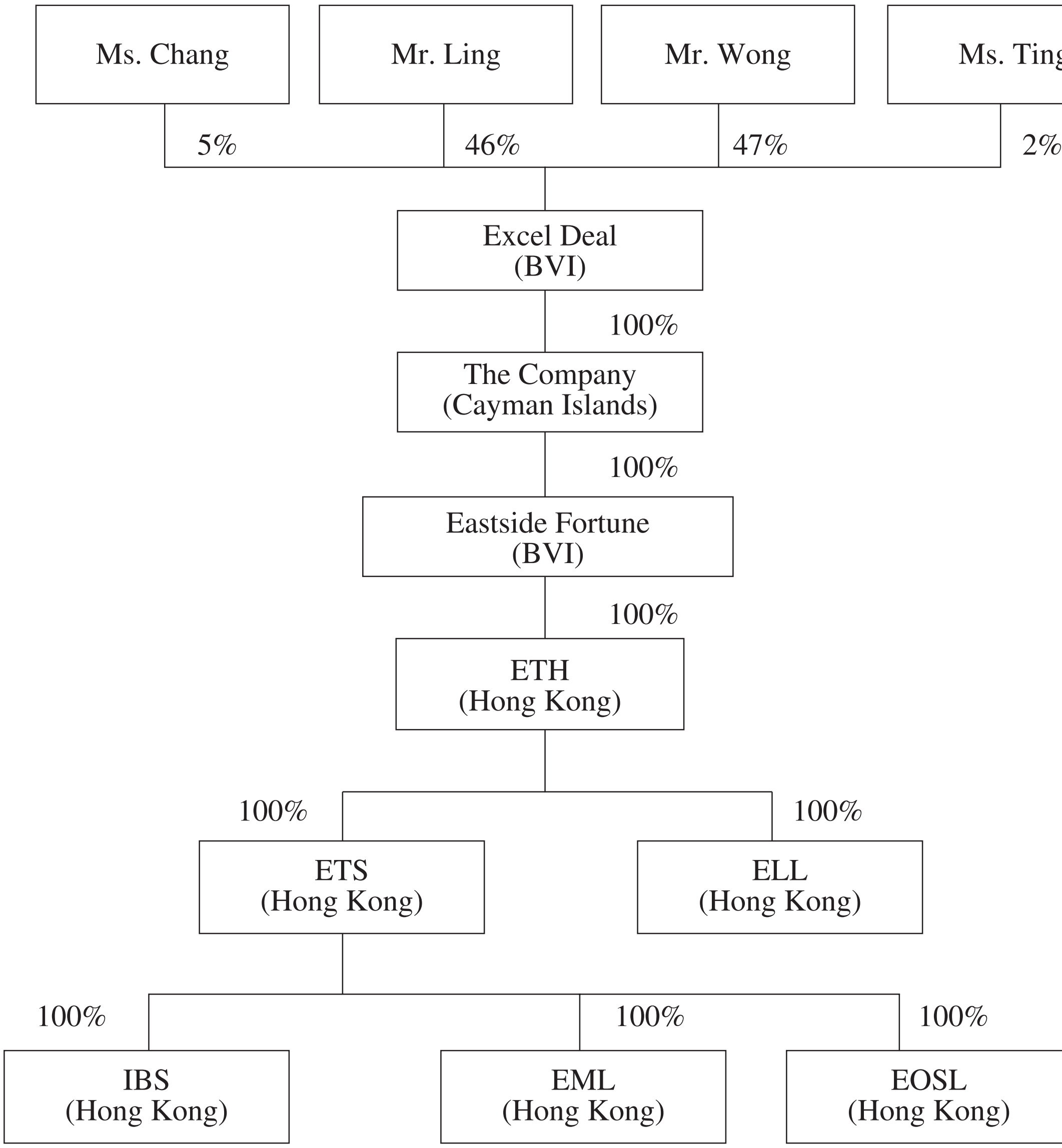
- The Company is offering 70,000,000 new Shares at the Placing Price by way of Placing to professional and institutional investors and members of the public, representing 25 per cent of the enlarged issued share capital of the Company upon Listing.

- Conditional on the share premium account of the Company being credited as a result of the Placing, an amount of HK$2,099,999.98 which will then be standing to the credit of the share premium account of the Company be capitalized and applied to pay up in full at par a total of 209,999,998 Shares for allotment and issue to holder(s) of the Shares whose name(s) shall appear on the register of members of the Company at the close of business on 21 December 2011 (or as they or it may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in the Company.

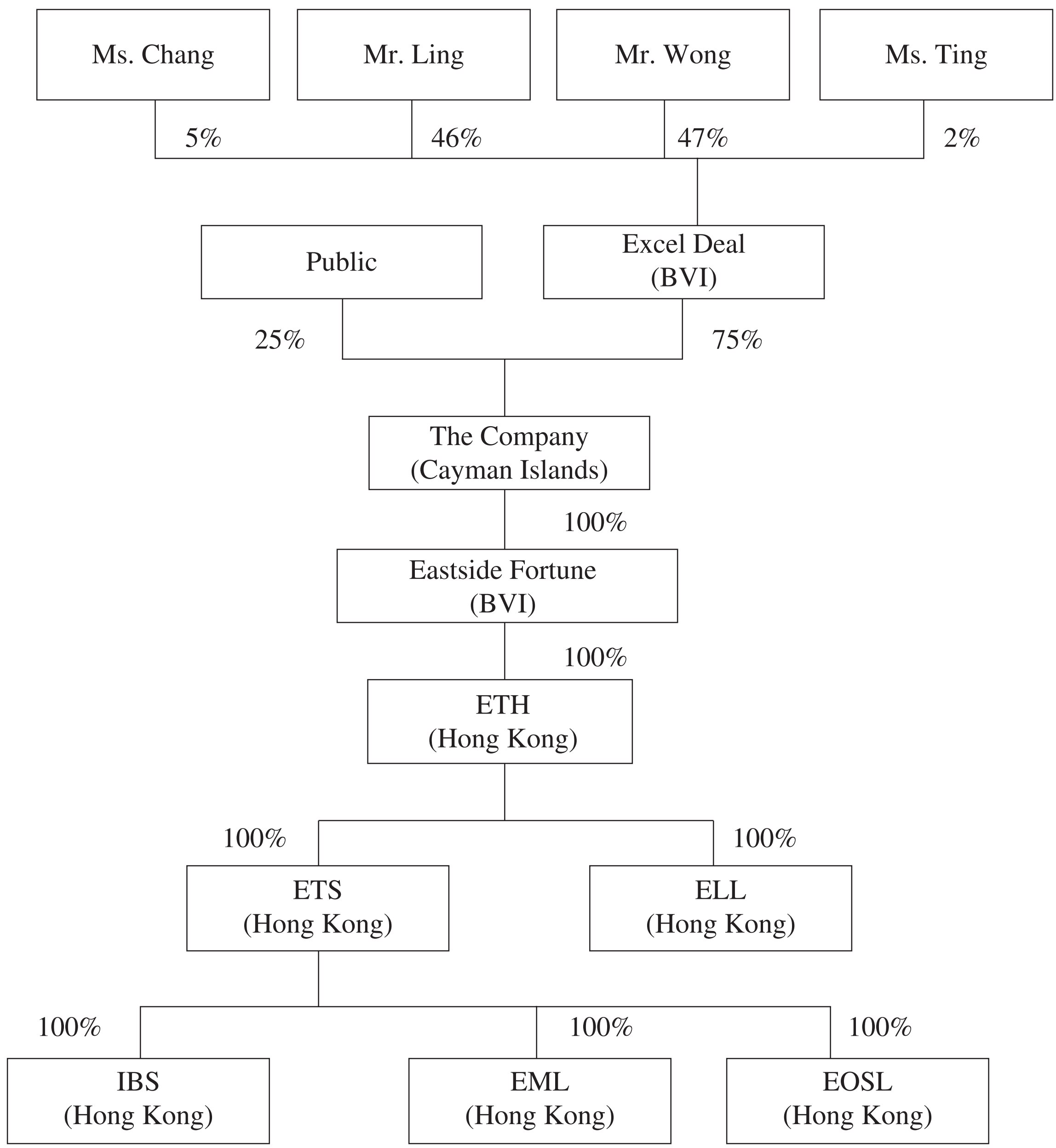
The following diagram illustrates the shareholding and corporate structure of our Group immediately before the Reorganization:



The following diagram illustrates the shareholding and corporate structure of our Group immediately after the Reorganization:



The following diagram illustrates the shareholding and corporate structure of our Group immediately following completion of the Placing and the Capitalization Issue:



OVERVIEW

Our Group is principally engaged in providing comprehensive multi-media contact services and contact centre system. Our current clientele are corporations in diverse sectors in Hong Kong, which are mainly telecommunications, banking and financial services, and insurance. We also serve the public sector. We commenced our operation in 1990 with the establishment of Epro Telecom Services Limited (formerly known as "Gold Tact Consultants Limited" and then "Epro Paging Services Limited"), which operated the provision of paging service.

From 1995 onwards, we expanded our business by way of providing a range of outsourcing telephone answering services, contact services, information services as well as system development support services to corporate clients principally in the telecommunications and information services industries.

We have been in the contact service market in Hong Kong for around 20 years. We operate three contact service centres, one in Kowloon Bay and two in Kwun Tong, with over 850 workstations and employed over 1,000 contact service staff as at the Latest Practicable Date. We provide comprehensive multi-media contact services and system across different media such as telephone call, fax, email and short message to corporate clients in diverse sectors including the telecommunications industry, banking and financial services industries, the insurance industry and the public sector.

The services we provide include: (i) outsourcing inbound contact service (general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines, helpdesk hotlines and television direct response hotlines), (ii) outsourcing outbound contact service (telemarketing services which involve the explanations of product items or service proposals through telephone calls with a view to securing customers' orders or subscription of the products or services, retention services, cross-selling, and customer satisfaction surveys) that are outsourced to us by our clients; (iii) contact service staff insourcing service (or secondment service which involves assigning contact service staff to work at our clients' contact service centres); and (iv) contact service centre facilities management service (including leasing of our contact service centre facilities in the form of workstations and/or contact service staff; IVRS hosting solution and contact centre system hosting solution). Our services include conducting cold calls to customers whose contact details are contained in lists supplied by our clients and our Group has followed relevant guidelines issued by the Office of the Privacy Commissioner for Personal Data in offering and handling the opt out arrangement for each customer. In providing the aforesaid services to our clients, we use the WISE-xb System, which was designed and developed by us in 2000. The WISE-xb System is an all-in-one multi-media contact centre system which comprises a suite of software programs built on the digital telephony platform. It combines CTI, ACD, IVR, VoIP, voice logging, voice monitoring, preview and predictive dialling and skill-based call routing functions all on the same system and is the standard system and platform supporting our over 850 workstations and used by all the contact service staff working in our three contact service centres in Hong Kong.

Our established research and development team works to upgrade and customize the WISE-xb System and related software programmes in order to serve the diverse and evolving needs of our clients in different industries and public sectors. Our team responsible for operating the WISE-xb System provides regular system maintenance as well as system and software customization service to our clients. Our development expenses for the upgrading and customization of the WISE-xb System for the two years ended 31 December 2009 and 31 December 2010 and for the six months ended 30 June 2011 amounted to approximately HK$2,091,000, HK$2,425,000 and HK$1,258,000 respectively.

We place great importance on the ability, training and development of our staff so that we are able to deliver quality services to our clients. We provide structured training to our contact service staff in the form of classroom training, role playing, and on-the-job coaching and monitoring. We have a stable and experienced management team with an average of more than 15 years of relevant working experience and who have served our Group for an average period of more than 7 years.

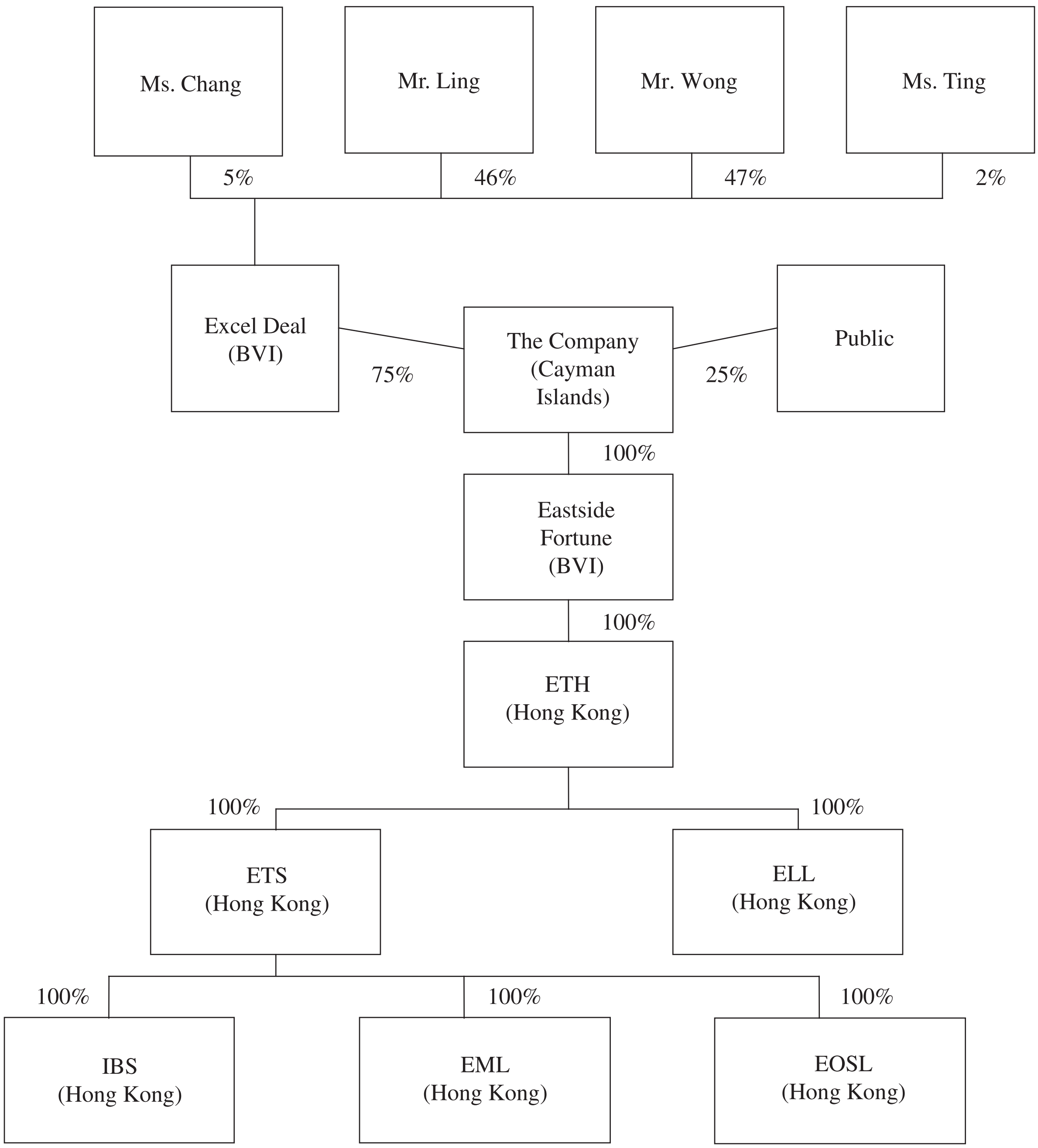
The combined use of the WISE-xb System, our research and development capability, experienced management, trained staff and comprehensive facilities at our contact service centres enables us to operate 24-hour services for 7 days a week to meet the individual needs of our clients.

Our Group follows the requisite quality control and data security management standards to ensure the quality and standard of our services. This can be evidenced by our being awarded the ISO 9001 Quality Management System Standard Certificate in design and provision of telemarketing and 24-hour customer service hotline every year since 1997.

We believe that we have strong competitive advantages over competitors because we have the capability to develop our own contact centre system and maintain and upgrade the WISE-xb System for use as a standard platform in all our contact service centres to provide quality service to our clients. We have also developed great diversity in our provision of contact services and have been able to maintain long-term and stable business relationships with our clients.

OUR GROUP STRUCTURE

The following chart represents our Group's corporate and shareholding structure immediately following the completion of the Placing, assuming that there is no exercise of the Offer Size Adjustment Option, and the respective places of incorporation of the members of our Group:



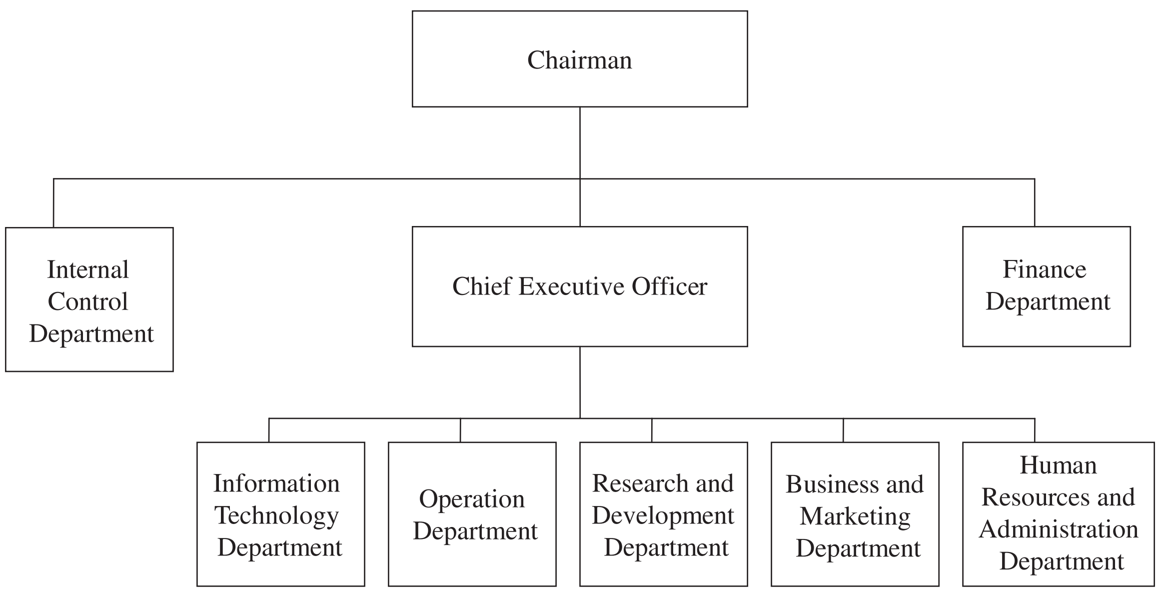
ETH is a wholly owned subsidiary of Eastside Fortune, a limited liability company incorporated in the British Virgin Islands, which is in turn wholly owned by our Company. ETH owns the entire issued share capital of each of ETS and ELL directly.

ETS provides outsourcing inbound and outbound contact services, staff insourcing service and contact service centre facilities management services to corporate clients in Hong Kong. ETS owns the entire issued share capital of all of IBS, EML and EOSL directly. IBS, EML and EOSL are incorporated for the main purposes of undertaking different business contracts and insurance licence registrations.

ELL has undertaken the design and development of the WISE-xb System including softwares and applications since 2000 and has been responsible for the on-going maintenance, modifications and further research and development of the WISE-xb System.

OPERATIONAL DEPARTMENTS OF OUR GROUP

The following represents the organizational chart of all the operational departments of our Group:



The operation of our Group is divided into seven departments, which are the Human Resources and Administration Department, the Finance Department, the Information Technology Department, the Operation Department, the Business and Marketing Department, the Internal Control Department and the Research and Development Department. As at the Latest Practicable Date, our Group had a total of 1,059 staff members, of whom 20 work in Human Resources and Administration Department, 6 in the Finance Department, 14 in the Information Technology Department, 1,005 in the Operation Department, 4 in the Business and Marketing Department, 2 in the Internal Control Department and 8 in the Research and Development Department.

Human Resource and Administration Department

The Human Resources and Administration Department is responsible for compiling and reviewing the employee handbook and different company policies of our Group such as employment policy, environmental protection policy, staff training and development policy and anti-bribery policy. It is also responsible for providing recruitment support to different departments of our Group through placing recruitment advertisements, participating in recruiting events, liaising with relevant government departments, schools and organizations and handling internal referrals. It maintains the personnel records of existing and resigned staff of our Group and prepares payroll and tax returns of all existing staff of our Group. It is also responsible for representing our Group in all matters relating to human resources including disciplinary actions and labour disputes.

Finance Department

The Finance Department is responsible for the tax, treasury and risk management of our Group. It has control over the assets of our Group and manages business risks involved in the process. It is responsible for ensuring the cost effectiveness of our Group and evaluating our Group's financial performance regularly to ascertain whether the corporate goals of our Group are achieved.

Information Technology Department

The Information Technology Department is responsible for providing on-going support on application development, system maintenance, data backup and security control to our Group. It maintains and enhances our Group's company-wide information technology network, computer systems and telecommunication facilities to meet the business needs of our Group. It sources and recommends hardware, software and facilities suppliers according to the requirements of our Group and our clients from time to time. It is also responsible for representing our Group in its liaisons with our clients and other external parties on all technically related requirements and arrangements. It is also responsible for our Group's application of the ISO 27001 certification and its on-going maintenance once our Group obtains this certification. The Department also supports the Operation Department in maintaining our Group's ISO 9001 certification.

Operation Department

The Operation Department is responsible for the operation of the contact services through allocating resources in terms of manpower, training and workstations within the Department as well as liaising with other departments within our Group to prepare for the operation of the services to the clients. It is responsible for monitoring the service performance through coaching and call monitoring on contact service staff. It also prepares and submits daily service reports to the clients and reviews our Group's service performance with the clients on regular basis. Further, it prepares program-end or month-end reports to the Business and Marketing Department for invoice preparation purposes. The Operation Department is also responsible for the ISO 9001 certification and its on-going maintenance.

Business and Marketing Department

The Business and Marketing Department is responsible for soliciting new businesses through tenders, enquiries, referrals and active pitching. It is in charge of maintaining and managing on-going customer relationships with our Group's clients of different levels and functions. It introduces our Group and its services and products to clients, collects user requirements, liaises with other departments internally within our Group, prepares and presents the proposals or solutions to the clients, negotiates on pricing and other service terms and conditions and finalizes the deal by signing service agreements with the clients. The Department performs service review with clients on a regular or need basis. It is also responsible for co-ordinating with the Finance Department for issuing invoices, confirming the invoices and discussing the invoices with clients in case of any discrepancies.

The Department is also responsible for maintaining and updating the marketing collaterals of our Group such as its brochure, website and online advertisement. It is in charge of the corporate communication with staff and clients through our Group's newsletters, planning and organizing corporate events of our Group, such as annual Christmas party, annual dinner and management training. It is also responsible for providing standardized corporate information and corporate image direction support to all the departments of our Group.

Internal Control Department

The Internal Control Department is responsible for monitoring, testing and reviewing our Group's internal control system. It is in charge of verifying and reviewing our Group's operation and making recommendations for improvement to our Group by providing reports on the adequacy and effectiveness of the arrangements for risk management, control and corporate governance of our Group.

Research and Development Department

The Research and Development Department is responsible for the design, development, maintenance and enhancement of our Group's WISE-xb System. It is in charge of collecting market information about contact centre systems, as well as requests from other departments such as the Operation Department and Information Technology Department to propose short-term and long-term development directions and projects of the WISE-xb System to our Group. It is also responsible for hosting internal demonstration sessions to introduce new developments and functions of the WISE-xb System to other departments of our Group internally.

OUR GROWTH STRATEGIES

Our Group currently operates three contact service centres in Hong Kong with over 850 workstations and employs over 1,000 contact service staff as at the Latest Practicable Date. We provide comprehensive multi-media contact services to corporate clients in diverse industry sectors such as the telecommunications industry, the banking and financial services industries, the insurance industry and the public sector. We are able to build and maintain long-term and stable business relationships with our clients, we have been serving most of our top 10 clients for an average period of more than 7 years. We work to meet their diverse and specific demands and requirements in providing our comprehensive multi-media contact services.

Our Group provides inbound contact services such as general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines and helpdesk hotlines, as well as outbound contact services including telemarketing services, retention services, cross-selling and customer satisfaction surveys that are outsourced to us by our corporate clients. We are responsible for providing contact service staff with relevant training, our WISE-xb System and telecommunication facilities, customized front-end application as well as overall operation management to manage the outsourced services on behalf of our clients.

Our Group had more than 1,000 contact service staff as at the Latest Practicable Date, and we provide contact service staff insourcing service to corporate clients to meet the manpower demands of their own contact service centres.

We recruit contact service staff to work either in-house at our own contact service centres or at our clients' contact service centres as our insourced staff. The following table sets out the breakdown of the number of contact service staff employed by us on a monthly average basis for the different types of services rendered during each of the year ended 31 December 2009 and 2010, and the six months ended 30 June 2011:–

Number of contact service staff by types of services on a monthly average basis

	Year ended 31 December		**Six months ended**
	2009	**2010**	**30 June 2011**
Outsourcing inbound contact service	70	47	43
Outsourcing outbound contact service	354	360	369
Staff insourcing service	685	700	663
Facilities management service	56	46	45
Total	1,165	1,153	1,120

Most of our contact service staff are employed by us on a full-time basis. For the two years ended 31 December 2010 and for the six months ended 30 June 2011, on a monthly average basis, approximately 90%, 92% and 91% of the contact service staff were employed by us on a full-time basis respectively. The typical employment contracts of our contact service staff employed by us on full-time basis allow the termination of employment by both sides with a notice period ranging from 7 days to 1 month after the first month depending on the job position of the staff. Generally, the employment contracts for part-time contact service staff allow termination by both sides with immediate notice. The average employment period of our contact service staff employed on a full-time basis as at 30 June 2011 is approximately 1.58 years, and close to 40% of such contact service staff have been working with our Group for more than 2 years. There has been more significant turnover for the contact service staff involved in telesales services who need to constantly achieve sales targets. Our Directors believe that the ability for training and retaining competent contact service staff is one of the entry barriers for the contact centre service industry.

Our Group provides contact service centre facilities management services by leasing our workstation to our clients for setting up their own operation at our contact service centres. On top of the workstation leasing, we also provide support for front-end application customization, system maintenance, data backup as well as day to day administrative support to complement our clients' management of their operation at our contact service centres. Through the contact service centre facilities management service, our Group is able to utilize and capitalize on our contact service centre capacity to a fuller extent.

All of our Group's over 850 workstations run on the standard system platform of our WISE-xb System. The WISE-xb System is an all-in-one multi-media contact centre system designed and developed by our Group in 2000. It adopts the digital telephony platform which combines CTI, ACD, IVR, VoIP, voice logging, voice monitoring, preview and predictive dialling and skill-based call routing functions on the same system and offers a comprehensive range of contact centre system features to support the day-to-day operation and management of the contact services as well as contact service staff. Our Group makes use of the WISE-xb System to support the provision and operation of our contact services for our clients. For details of the WISE-xb System, please refer to the sub-section headed "Research and development" in the section headed "Business" in this prospectus.

Our Group provides the above outsourcing inbound and outbound contact services, contact service staff insourcing service and contact service centre facilities management services to our corporate clients principally in the telecommunications industry, the banking and financial services industry and the insurance industry. We seek to expand our business and operation in the existing industry sectors that we serve, and at the same time, to other new business and industry sectors.

For the two years ended 31 December 2009 and 2010, and the six months ended 30 June 2011, the utilization rates of our contact service centres are set out below:

		Utilization rate		
	Workstation capacity *(approximately)*	**Year ended 31 Dec 2009**	**Year ended 31 Dec 2010**	**Six months ended 30 Jun 11**
Location of contact service centre				
Kowloon Bay	320	78%	72%	85%
Kwun Tong (Cheung Kong Centre)	170	100%	100%	100%
Kwun Tong (Camelpaint Building)	360	81%	84%	91%
Total	**850**	**84%**	**83%**	**91%**

In view of the fact that the unutilized capacity was due to the different time periods and requirements of subcontracting projects and that some buffer of capacity needs to be reserved for our valued clients, such utilization rates are considered relatively high. We plan to expand the total capacity of our contact service centre in order to further enhance (i) the operational efficiency by more efficient deployment of human and material resources for the provision of services to our clients with due regard to the number of workstations available at any particular time; and (ii) the functional effectiveness of our contact services for meeting our clients' growing needs in multi-media contact services through different electronic media including telephone, facsimile, electronic mail and short message service.

We plan to set up new contact service centres before the end of 2012 to meet the increasing demand from both existing and new clients, and also to capture the demand from different market segments. We also plan to put more resources in research and development for improving the WISE-xb System in order to enhance the efficiency of our contact service centres and business operation. We strive to increase the sales of our solutions under the WISE-xb System to our clients under licensing managements. We are able to provide system maintenance and customization support to our clients upon sale to or licensed use by our clients of the WISE-xb System.

OUR COMPETITIVE STRENGTHS

Our Directors believe that we have the following competitive strengths:—

Effective and efficient utilization of resources

We operate a sizeable contact service operation of over 850 workstations, three contact service centres and more than 1,000 contact service staff as at the Latest Practicable Date. Our Directors believe that we are able to enhance our operational efficiency and functional effectiveness by concentrating and allocating our resources on a centrally managed and administered basis.

Self-developed contact centre system with research and development capability

Our Group has the capability to develop our own contact centre system, the WISE-xb System, and our Directors believe that this enables the provision of cost-efficient contact services at contact service centres operated by our Group. Our Group has the research and development capability to further enhance the functionality and operational efficiency of the WISE-xb System. Our Directors believe that it helps to enhance our Group's competitiveness especially in terms of the speed of delivery and pricing of its services in the context of the contact service industry.

Providing diversified contact services in different industry sectors

With our provision of different types of contact services including outsourcing inbound contact services, outsourcing outbound contact services, staff insourcing services and contact service centre facilities management services (including the workstation leasing, IVRS and contact centre system hosting solution) to our clients, we are able to meet different business needs of our clients. Our Directors believe that the diversification of contact services provided by our Group tends to minimize the extent of business risks associated with a singularly focussed business activity. With major clients distributed among telecommunications, banking and financial services and insurance industries, our Group is able to further minimize the extent of business risks associated with a singularly focussed industry sector.

Stable and Experienced Management Team

We have more than 20 years of experience in operating and managing contact service centres in Hong Kong. Our stable and experienced management team has been monitoring our business and operation, which has been growing steadily, on the basis of sound and effective administration and operation systems. Members of our management have an average of more than 15 years of relevant working experience and have served our Group for an average of more than 7 years.

Our Directors believe that the stability and experience of the management team enable our Group to deliver services that meet the requirements of our clients. For example, the information technology department is able to implement a responsive system set-up and maintain stable system performance, while the business and operation departments are able to maintain steady and long-term relationships with our clients.

Stable and long-term clientele

Our Directors believe that being able to maintain long-term business and working relationships with our clients helps to support the continuation of our business. Our ongoing working relationship with our longest client dates back to more than 15 years ago and we have been serving most of our top 10 clients for an average period of more than 7 years.

Steady system maintenance and support capabilities

Our Group conducts development work for the enhancement and customization of the WISE-xb System and related applications to accommodate and meet evolving service needs of our contact centre services clients. Our in-house information technology team provides 24-hour service support 7 days a week so as to enable our Group to conduct sustainable contact service operations.

Maintaining high service quality standards

We use our best endeavour to deliver quality service to our clients by monitoring the services provided by our contact service staff and conducting training to consolidate, enhance and upgrade their skills. We adopt the ISO 9001 quality management standards since 1997 so as to deliver services of a high quality standard to our clients.

OUR SERVICES AND PRODUCTS

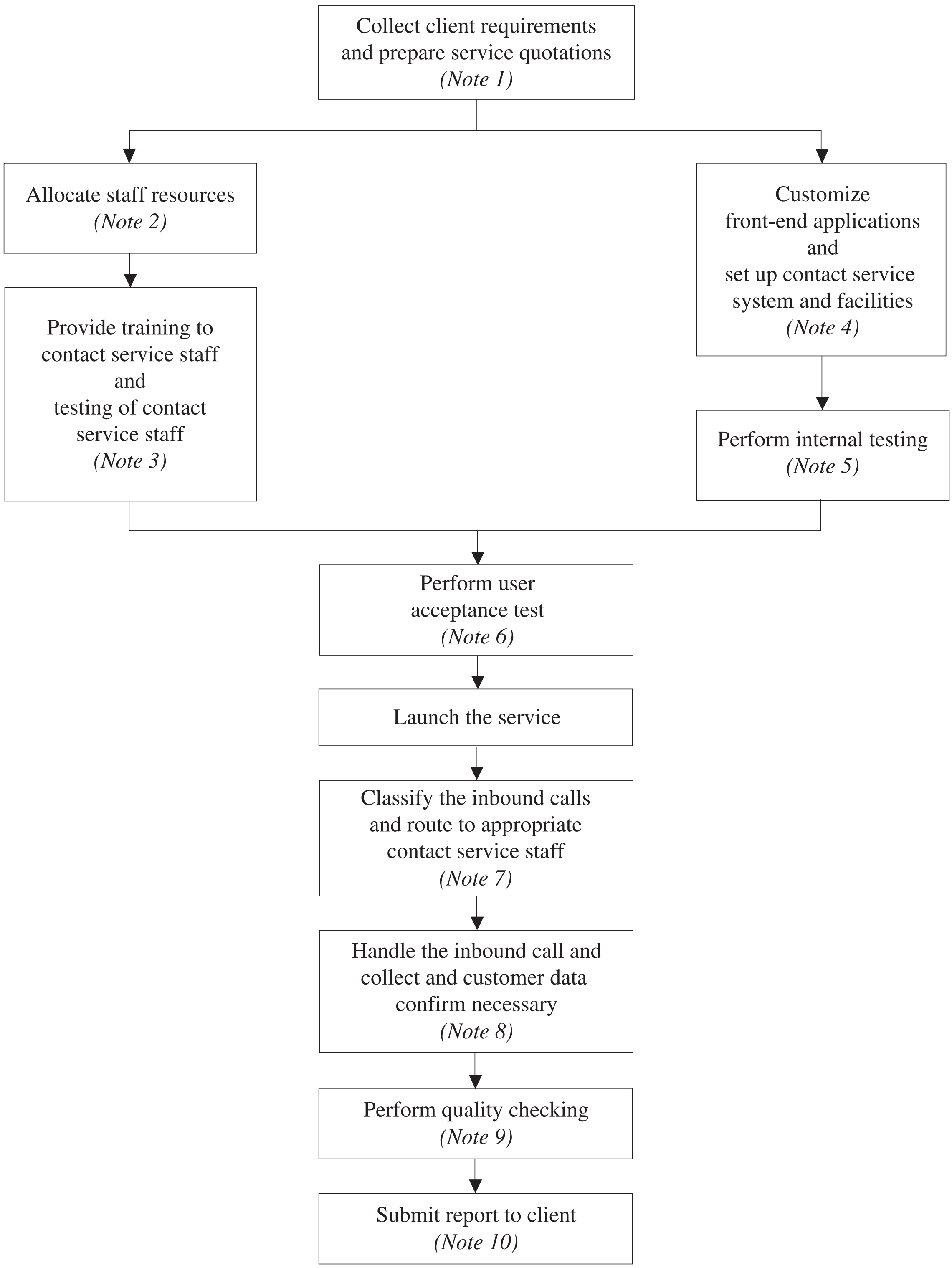
Outsourcing Inbound Contact Service

We provide multi-media inbound contact service which our clients outsource to us. The inbound contact services we are able to provide include general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines, helpdesk hotlines and television direct response hotlines.

Our inbound contact service staff work on shifts covering 24 hours a day or at hours specified by our clients at our contact service centres through the WISE-xb System. Our contact service staff handle incoming calls of the relevant hotlines in languages including Cantonese, Putonghua and English.

The following flow chart is a general overview of the major steps involved in the provision of this service.

Inbound Contact Service Workflow



Note :

(1) The Business and Marketing Department is responsible for soliciting new businesses through tenders, enquiries, referrals and active pitching and collecting clients' requirements on the service including nature of the inbound service, expected service hours, estimated call volume, incoming call pattern, estimated average call handling time and expected service standards. After considering the availability of resources in terms of manpower, workstations, telecommunication facilities and system customization, the Department then prepares the corresponding service quotation or proposal to the client for consideration.

(2) Upon acceptance of the quotation or proposal by the client, the Operation Department is responsible for allocating adequate and qualified manpower based on the confirmed service requirements of the clients. For services involving insurance policies, we shall allocate contact service staff with general insurance licence or life insurance licence upon clients' request.

(3) The Operation Department will provide relevant training to the contact service staff assigned. The training is carried out in the form of classroom training, role playing and briefing with a view to equip the contact service staff with the necessary skills and knowledge to perform their duties. At the end of the training course, the trainees will be tested to ensure their ability to perform the service.

(4) At the same time, the Information Technology Department is responsible for the customization of the front-end applications and setting up the WISE-xb System, workstations and telecommunication facilities for the operation of the service.

(5) Upon completion of the customization and set-up, the Operation Department then carries out testing to ensure the proper functioning of the system.

(6) Upon request by the client, user acceptance tests can be conducted at our Group's contact service centre to the satisfaction of the client before the launch of the inbound service.

(7) Incoming telephone calls, fax and/or email made to a hotline will be routed by the WISE-xb System to the appropriate contact service staff for handling. In some cases, further IVR options such as language selection and the type of services required are also available to the caller to further identify his/her desired service before talking to the contact service staff. For example, a caller who makes a telephone call to the enquiry hotline of Company XYZ and chooses to speak in English will eventually be routed to those contact service staff assigned to the service of Company XYZ with pre-defined English speaking skill-set.

In case a customer calls in to a customer service hotline by using his/her registered telephone number in the customer database, the WISE-xb System can make use of the caller number identification feature to identify the caller, and then retrieve the appropriate information of the caller from the database and display those information to the contact service staff at the same time when the call is routed to them. In this way, a more personalized greeting of the caller can be made.

(8) The contact service staff makes use of the customized front-end applications to handle each answered call accordingly, and also collect and input the necessary information of the caller to the applications for completing the transaction.

Throughout the operation of the service, all incoming and outgoing telephone calls are digitally recorded, encrypted and saved for call monitoring and investigation purposes. With the CTI capability of the WISE-xb System, the voice recordings can be readily retrieved by the date and time of the conversation, the telephone number or the unique reference number of the customer.

(9) Our Group's quality assurance staff and supervisors as well as our clients are able to perform real-time silent call monitoring or through the voice recording to monitor and evaluate the service quality of the contact service staff. Our clients may perform off-site call monitoring to sample check the service quality of our contact service staff. Wherever necessary, refresher training or more intensive coaching will be carried out to further improve the performance of the staff.

(10) To review the performance of the inbound service, we generate and submit system reports to the client on a daily basis through email. The different types of reports and information include:

- call pattern reports showing statistics on incoming calls, answered calls, abandon calls, average call waiting time, average talk time, service level achieving percentage;

- call nature reports showing statistics on the nature of all answered calls (such as enquiry on pricing, enquiry on product features, enquiry on terms and conditions and complaints);

- complaint/follow-up reports showing details of the content of the calls for the further handling by the client;

- IVRS nature reports showing statistics on the nature of all calls automatically answered and routed by the IVRS (such as the language selected, the type of enquiry service required and the callers' contact numbers).

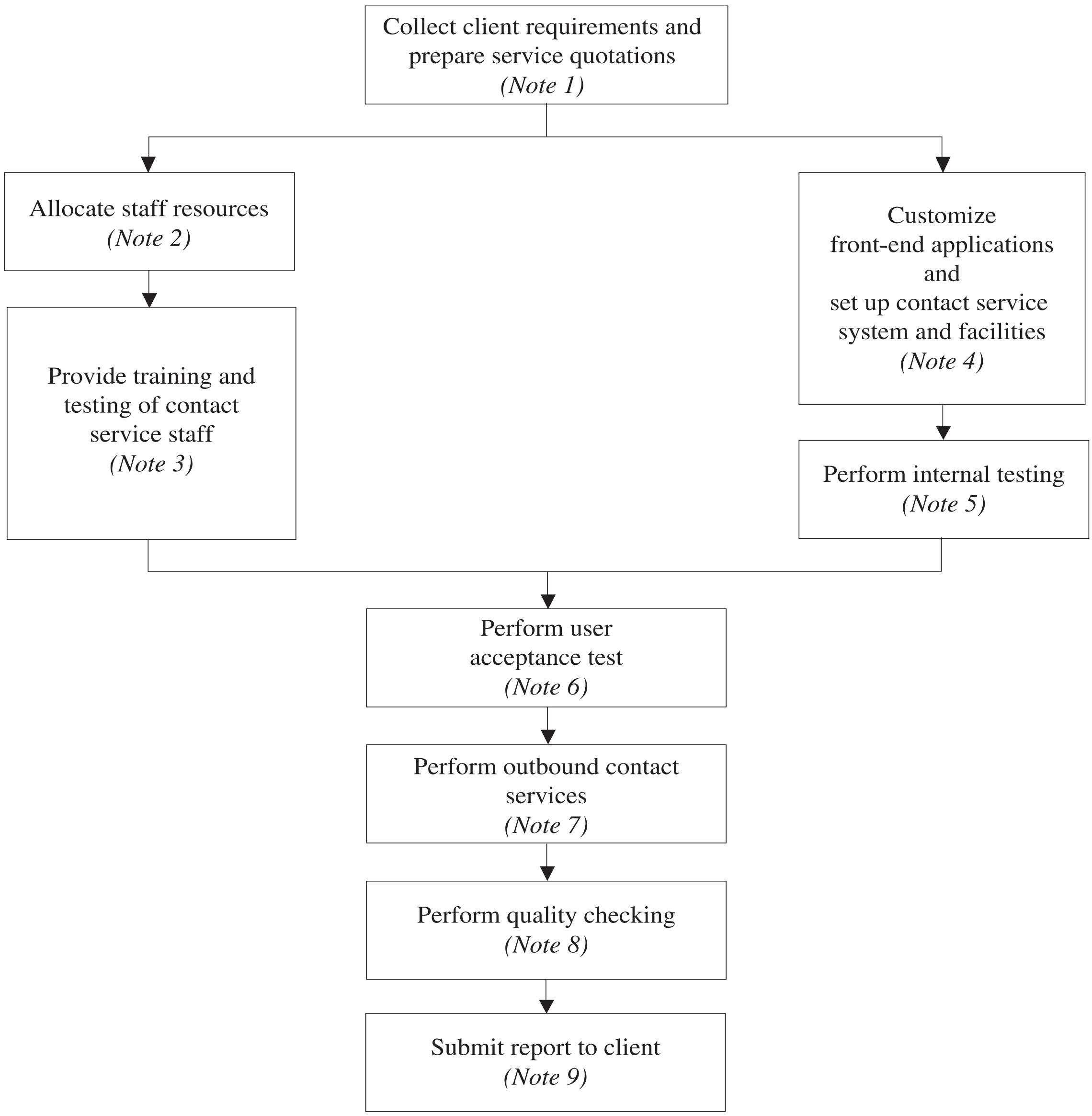
Outsourcing Outbound Contact Service

We provide outbound contact service which our clients outsource to us. The outbound contact services we are able to provide include telemarketing services, retention services, cross-selling and customer satisfaction surveys. These services can be provided at calling hours specified by our clients.

Our clients provide the relevant call lists of their customers for our Group to make outbound calls on their behalf. The outbound contact service is performed by our contact service staff through the WISE-xb System in the language medium of Cantonese, Putonghua or English.

The following flow chart is a general overview of the major steps involved in the provision of this service.

Outbound Contact Service Workflow



Notes:

(1) The Business and Marketing Department is responsible for soliciting new businesses through tenders, enquiries, referrals and active pitching. It collects clients' requirements on the service including nature of the outbound service, estimated call list size, expected successful rate in terms of order or transaction amount, expected contactable rate, information to be collected and profile of the call list. After considering the availability of resources in terms of manpower, workstations, telecommunication facilities and system customization, the Department then prepares the corresponding service quotation or proposal to the client for consideration.

Upon acceptance of the quotation or proposal by the client, the Business and Marketing Department is responsible for liaising with relevant internal departments such as the Operation Department, Information Technology Department and/or HR and Administration Department with the clients for the preparation of the service implementation.

(2) The Operation Department is responsible for allocating adequate and qualified manpower based on the confirmed service requirements of the client. For services involving insurance policies, we shall allocate contact service staff with general insurance licence or life insurance licence upon clients' request.

(3) The Operation Department will provide the relevant training to the contact service staff assigned. The training is carried out in the form of classroom training, role playing and briefing with a view to equip the contact service staff with the necessary skills and knowledge to perform their duties. At the end of the training course, the trainees will be tested to ensure their ability to perform the service.

(4) At the same time, the Information Technology Department is responsible for the customization of the front-end application and setting up the WISE-xb System, workstations and telecommunication facilities for the operation of the service.

(5) Upon completion of the customization and set up, the Operation Department then carries out testing to ensure the proper functioning of the system.

(6) Upon request by the client, user acceptance tests can be conducted at our Group's contact service centre to the satisfaction of the client before the launch of the outbound service.

(7) The contact service staff makes outbound telephone calls based on the call list provided by the client through the WISE-xb System using the preview or predictive dialling module. The contact service staff can make use of the customized front-end application to handle each outbound service call and also collect and input the necessary information of the customer to the application for completing the transaction. The contact service staff will provide further information by facsimile directly from the WISE-xb System to customers upon demand.

Throughout the operation of the service, all incoming and outgoing telephone calls are digitally recorded, encrypted and saved for call monitoring and investigation purposes. With the CTI capability of the WISE-xb System, the voice recording can be readily retrieved by the date and time of the conversation, telephone number of the customer or a unique reference number associated with the customer.

(8) Our Group's quality assurance staff and supervisor as well as our clients are able to perform real-time silent call monitoring or through the voice recordings to monitor and evaluate the service quality of the contact service staff. If neccessary, refresher training or more intensive coaching will be carried out to further improve the performance of the staff.

(9) To reflect the performance of the outbound contact service and the progress of the project, we are able to generate system reports and prepare service reports and submit them to the client on a daily or upon request basis through email. The different types of report and information that we can generate include:

- service reports showing statistics on outbound calls made, customers contacted, customers under consideration, accepted offers, total transaction amount, rejected offers, rejection reasons;

- staff performance reports showing statistics on contact service staff productivity (in terms of talk time, idle time, outbound calls made, customer handled, successful order, successful transaction amount);

- order reports showing detail information of each successful order; and

- complaint/follow-up reports showing details of the content of the calls for further handling by the clients should a complaint be received.

Staff Insourcing Service

Our Group's staff insourcing service entails assigning our contact service staff (including managers upon clients' request) to work at our clients' contact service centres. We insource contact service staff with qualifications and experience specified by our clients to help our clients in the operation of their contact service centres.

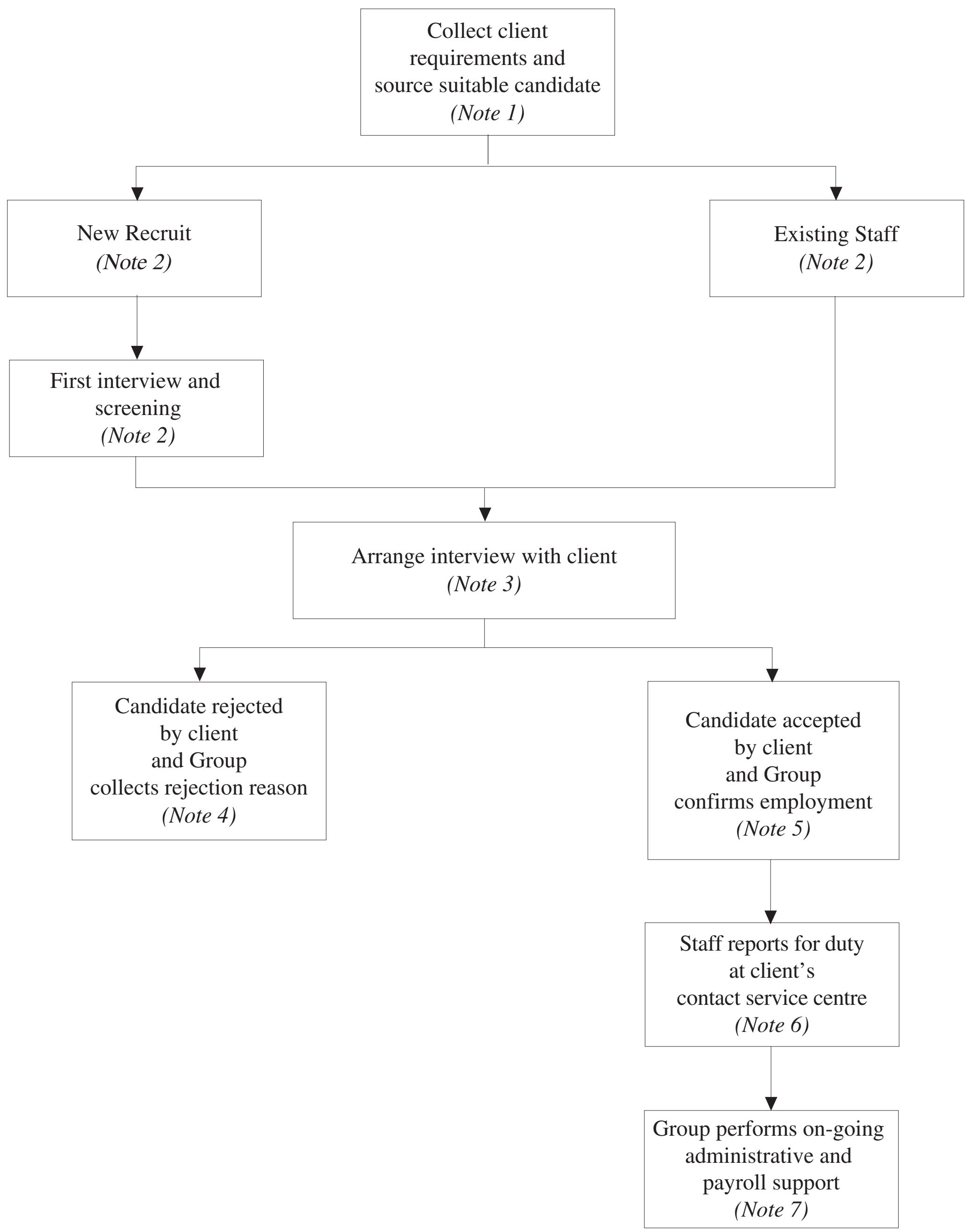
We provide our clients with contact service staff for customer service, telemarketing and data entry. Our insourced staff may work on a full-time or part-time basis. We are also able to provide contact service staff with general insurance and/or life insurance licences upon clients' request. During the Track Record Period, we had a total of 63 contact service staff with general insurance licence and a total of 65 contact service staff with life insurance licence for our provision of staff insourcing service.

We are responsible for the entire recruitment process for the insourcing service, which includes recruitment advertising, interview and assessment, employment contract maintenance, routine payroll management and other administrative support. The insourced staff remain as employees of our Group and work at the contact service centres to which they are assigned under the management of the clients.

Based on the requirements of our clients, we recruit new contact service staff, or deploy our existing contact service staff or solicit and re-employ our former contact service staff to fulfil the clients' request in terms of staff headcount, experience, qualifications and skill-sets. Riding on the synergy of operating our own contact service centres and having our own contact service staff, we can adjust the number of insourced contact service staff in accordance with the demands of the clients.

The following flow chart is a general overview of the major steps involved in the provision of this service.

Staff Insourcing Service Workflow



Notes:

(1) The Business and Marketing Department is responsible for soliciting new businesses through tenders, enquiries, referrals and active pitching and collecting clients' requirements on the service including the staff headcount, nature of the jobs, insourcing period, working locations, working hours or shifts, qualifications and years of experience. After considering the availability of staff resources and possibility of meeting the service requirements, the Department then prepares the corresponding service quotation or proposal to the client for consideration.

Upon acceptance of the quotation or proposal by the client, the Business and Marketing Department will be responsible for liaising with the relevant internal departments such as the Operation Department and/or Human Resources and Administration Department and the clients for lining up the staff resources.

(2) The Operation Department is responsible for recruiting new contact service staff. The applicants are to be first interviewed and screened by our Group before being referred to the clients. The Operation Department can also deploy existing contact service staff to fill the insourcing vacancies of the clients.

(3) Selected candidates will then be arranged to be interviewed by our clients.

(4) For those unsuccessful candidates not accepted by our clients, our Group will try to obtain the rejection reasons from the clients.

(5) For those successful candidates accepted by our clients, our Group will prepare and enter into employment contracts with them.

(6) The successful candidates will then report for duty at our clients' designated contact service centres. Our clients usually provide training to them. Our Group may also provide the training if so instructed by our clients.

(7) We are responsible for providing the on-going administrative and payroll support to our insourced contact service staff.

Contact Service Centre Facilities Management Service

The Contact Service Centre Facilities Management Service is comprised of three types of service, namely 1) Workstation Leasing, 2) IVRS Hosting Solution and 3) Contact Centre System Hosting Solution. The breakdown of revenue from the Contact Service Centre Facilities Management Service during the Track Record Period is set out below:

	Year ended 31 December 2009 Revenue	Percentage of revenue	Year ended 31 December 2010 Revenue	Percentage of revenue	Six months ended 30 June 2011 Revenue	Percentage of revenue
	HK$'000	*(%)*	*HK$'000*	*(%)*	*HK$'000*	*(%)*
Workstation Leasing	21,595	88%	18,420	79%	10,548	85%
IVRS Hosting Solution	2,908	12%	3,398	15%	1,281	11%
Contact Centre System Hosting Solution	–	–	1,357	6%	536	4%
	24,503	100%	23,175	100%	12,365	100%

1) Workstation Leasing

Riding on our Group's three contact service centres and over 850 workstations in Hong Kong, we also provide the leasing of our contact service centre facilities in the form of workstations, contact service staff, and system infrastructure and support to our clients for setting up their own contact service centre operations at our Group's contact service centre premises.

With the established contact service centre infrastructure including the WISE-xb System, telecommunication facilities, computer equipment, network, contact service centre setup and supporting facilities, our Group is able to fulfil the clients' small scale or large scale, short-term or long-term business needs. Our Group leased out approximately 42%, 37% and 39% of the aggregate capacity of our contact service centres capacity for each of the years ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively.

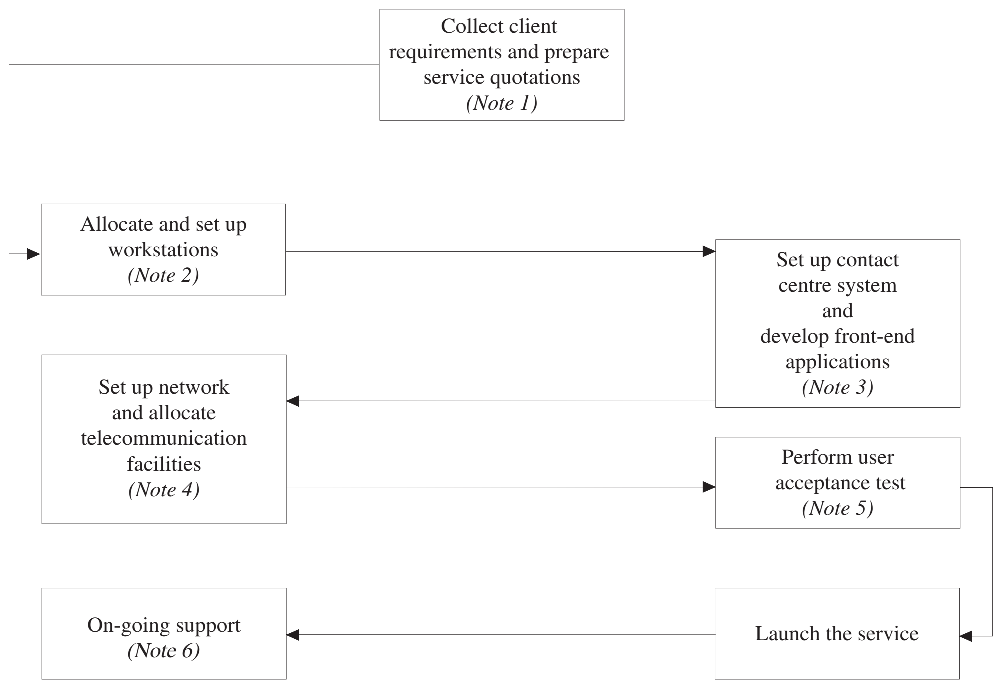
With the contact service centre facilities management service, the leasing period as well as the scale of the contact service operation can be adjusted in accordance with the clients' business demands. Moreover, our Group's ability to provide a set-up time of less than 2 months for the contact service centre facilities management service (subject to the scale and complexity of the set up involved) allows the clients to have a quick start up in operating the contact services.

Our Group offers the contact service centre facilities management service in terms of workstation subscription. The clients can choose between the "shared" and "fully dedicated" leasing models in terms of the physical set up, the WISE-xb System, network as well as telecommunication facilities, to fit their individual compliance requirements and business needs. Under the "shared" model, the client's contact service operation is to be carried out in an operation area shared with other services, and the sharing also applies to the WISE-xb System, computer equipment as well as the network and telecommunication facilities involved. Under the "fully dedicated" leasing model, a separated and enclosed area with its own entrance(s), standalone network, dedicated WISE-xb System and other computer equipment and telecommunication facilities are all reserved to be solely used for the client's operation.

As part of the facilities management service, our Group is also able to provide the customization of the contact service front-end applications according to the specific needs of the clients' services and operation. Our Group is able to provide on-going application modifications, technical support, data back-up, system monitoring as well as administrative assistance to ensure different aspects of running a contact service centre are taken care of for our clients. As an option, our Group also offers insourcing contact service staff support to complement the leasing of each workstation.

The following flow chart is a general overview of the major steps involved in the provision of this service.

Facilities Management (Workstation Leasing) Workflow



Notes:

(1) The Business and Marketing Department is responsible for soliciting new businesses through tenders, enquiries, referrals and active pitching and collecting clients' requirements on the service including number of workstations, leasing models, leasing duration, system and facilities requirements. After considering the availability of resources in terms of space, system, telecommunication facilities and system customization, the Department then prepares the corresponding service quotation or proposal to the client for consideration.

(2) Upon acceptance of the quotation or proposal by the client, and on the basis of the confirmed service requirements of the clients, the Information Technology Department is responsible for identifying and allocating the appropriate area in the contact service centre and setting up the required number of workstations.

(3) The Information Technology Department will set up the WISE-xb System and customize the front-end application for the client's service.

(4) The Information Technology Department will configure the network and other equipment as well as secure the required telecommunication facilities for the service.

(5) The Information Technology Department performs the user acceptance test together with the clients at our Group's contact service centre to the satisfaction of the clients before launching the service.

(6) After the service is launched, our Group is able to provide on-going support including application modification, technical support, data back-up, system monitoring and administrative assistance to the clients.

2) IVRS Hosting Solution

Riding on our Group's WISE-xb System, we are able to provide IVRS hosting solution to clients who outsource their IVRS service to us. We offer inbound IVRS service for registration, lucky draw and information enquiry purposes, as well as outbound IVRS service for payment reminder purpose.

We are able to take care of different aspects of the IVRS service including the call flow design based on the logic of the service, facilities set-up including the subscription of telephone lines, voice recording in three language media, namely Cantonese, English and Putonghua by voice talents, customization of the IVRS module of the WISE-xb System as well as 24-hour on-going system monitoring and daily report generation and submission.

The Business and Marketing Department is responsible for soliciting new businesses through tenders, enquiries, referrals and active pitching and collecting clients' requirements on the service including the nature of the IVRS service, number of telephone lines required, duration of the program and logic of the service flow. After considering the availability of resources in terms of system, telecommunication facilities and system customization, the Department then prepares the corresponding service quotation or proposal to the client for consideration.

Upon acceptance of the quotation or proposal by the client, and on the basis of the confirmed service requirements of the clients, the Information Technology Department is responsible for designing the call flow, performing system customization, arranging relevant voice talents for voice recordings, if required, lining up adequate telecommunication facilities and finally performing a user acceptance test with the clients before the official launch of the IVRS service. None of our contact service staff are involved in the provision of IVRS hosting solution.

3) Contact Centre System Hosting Solution

Our Group started providing contact centre system hosting solutions in 2010 by means of our WISE-xb System. Through the provision of the hosting solution service, the clients are able to make use of our WISE-xb System to support the contact service operation at their own contact service centres under a remote access model.

Under the hosting solution service, the WISE-xb System remains at our Group's contact service centre, while a leased line or virtual private network (VPN) is connected to the client's contact service centre for voice and data transfer purposes. Workstations at the client's contact service centre are remotely connected to our WISE-xb System, and the client and its contact service staff are able to enjoy all the functions and features of the WISE-xb System. Our Group is still responsible for maintaining and supporting the WISE-xb System and corresponding data for the clients' remote operation just as if they were operated at our own contact service centres.

By providing contact service system hosting solution, the scale of the contact service operation can be adjusted in accordance with our clients' business demands. Our Group is able to provide a set-up time of approximately 1 month (subject to the scale and complexity of the set up involved) for the provision of the contact service system hosting solution.

Our Group offers the contact service centre hosting solution in terms of workstation user licences subscription. Our clients can select all or part of the functions and features of the WISE-xb System to be included in the hosting solution.

As part of the contact service system hosting solution service, our Group is able to provide the customization of the contact service front-end applications according to the specific needs of our clients. Our Group is also able to provide application modification, technical support, data back-up as well as system monitoring.

The Business and Marketing Department is responsible for soliciting new businesses through tenders, enquiries, referrals and active pitching and collecting clients' requirements on the service including the number of workstation user licenses subscribed, system connectivity, duration of subscription and subscription model. After considering the availability of resources in terms of system, telecommunication facilities and system customization, the Department then prepares the corresponding service quotation or proposal to the client for consideration.

Upon acceptance of the quotation or proposal by the client, the Business and Marketing Department is responsible for liaising with relevant internal departments such as the Information Technology Department for the preparation of the service implementation.

The Information Technology Department is responsible for setting up the connection between the two contact service centres, the WISE-xb System, and the workstations at the client's contact service centres, customizing the front-end applications as well as securing the required telecommunication facilities. It is then responsible for the user acceptance test together with the client at the client's contact service centre before launching the service.

CERTIFICATION AND AWARDS

ISO 9001 Certification since 1997

ETS has been awarded with the ISO 9001 Quality Management System Standard Certificate in design and provision of telemarketing and 24-hour customer service hotline since 1997. In achieving the standards set by ISO 9001 Quality Management System, ETS is required to determine the processes involved in its telemarketing and 24-hour customer service hotline services and the methods and resources needed to ensure these processes are effectively operated and controlled. Specifically, ETS is required to document procedures and records required by the international standards under ISO 9001. The senior management of our Group, Ms. Chang, Ms. Ting, Mr. Yeung Tim Hee and the management of ETS, Mr. Mak Wai Kit (Senior Call Centre Manager for inbound contact service), Mr. Chan Tsz Wang (Call Centre Manager for outbound contact service), and Mr. Ling Hing Kwok (IT Manager leading the system operation team) are required to regularly conduct management reviews of the quality management system and to make sure that the quality objectives are measurable and consistent with the service quality policy of ETS. Please refer to the section headed "Directors, Senior Management and Staff" of this prospectus for the relevant experience of Ms. Chang, Ms. Ting and Mr. Yeung Tim Hee. Mr. Mak Wai Kit has over 20 years of tenure with our Group and had been trained on the "In Company ISO 9000 – Internal Quality System Audit" course organized by a productivity organization in Hong Kong. Mr. Chan Tsz Wang has over 6 years of tenure with our Group and had been trained on the "Internal QMS Auditor Training Course", the "Internal QMS Auditor Training Course" and the "ISO 9000:2000 Series Foundation Training Course" held in Hong Kong by a British quality systems certification body. Mr. Ling Hing Kwok has 10 years of tenure with our Group and had been awarded a Higher Certificate in Electronic Engineering by a technical college in Hong Kong and a Certificate in Electronics by an institute in the United Kingdom. In addition, ETS is required to train the relevant staff, provide suitable infrastructure and work environment to achieve conformity to service requirements. ETS is required to implement effective arrangement in communicating with customers and obtaining their feedback on the products and services provided by ETS. ETS is also required to devise corrective and preventive actions to eliminate causes of potential non-conformities and to prevent recurrences of non-conformities. The current ISO 9001 certification of ETS will expire on 15 December 2014.

Application for ISO 27001 Certification

Throughout the year 2011 we had actively prepared for the ISO 27001 certification in information security management system in support of our Group's commitment to comply with international information security management system standards. ISO 27001 certification requires applicants to meet internationally recognized data security standards and our Group's application for ISO 27001 is to ensure the reliability of our security protection infrastructure. We have already gone through the ISO27001 certification audit in December 2011 and we may obtain the certification by the first quarter of 2012. The Directors confirm that there are no legal obstacles against our obtaining such certification.

QUALITY CONTROL

The Directors believe that the provision of quality services and products is important for our Group's business and its continual development. In order to ensure the quality of its contact services, ETS was awarded with the ISO 9001 Quality Management System Certificate in the scope of design and provision of telemarketing and 24-hour customer service hotline by the Hong Kong Quality Assurance Agency (HKQAA) in 1997. ETS has maintained the certification continuously since then.

Our Group has established Quality Policy which is stated in the Quality Manual according to the guideline of ISO 9001. The scope of our Group's Quality Manual covers quality management system, management responsibility, resource management, product realization and measurement, analysis and improvement. In more details, the quality system touches on different areas including control of documents, internal audit, staff training, purchasing process, control of service provision, control of computer data, continual improvement, and corrective and preventive action.

Different quality control measures are implemented with the objective to continually meeting the contact service standards of our Group as well as our clients. In the case of outsourcing inbound contact services, service levels can be measured and set by the clients based on a certain percentage of incoming calls answered within a certain period of time by a contact service staff. In the case of outsourcing outbound contact services, service targets can be set on the rate of successful transaction versus the total or contacted customer base. Different nature of outbound contact services has different target successful rates, which are mutually agreed between our Group and the client before the launch of the outbound contact service.

Our Group's WISE-xb System allows the management and supervisory staff of the Operation Department to closely monitor the service performance through on-line real-time information. Reports showing the performance and progress of the contact services can be provided by our Group to its clients for review. For details of the types of reports and related information, please see the paragraph headed "Our services and products" in this section above.

Additionally, quality of the contact services is monitored through call monitoring exercise performed by supervisory agent of the Operation Department on the contact service staff. Conversation between a contact service staff and a customer can either be real-time monitored through silent monitoring, or the voice logs can be monitored after the completion of the conversation. In both ways, the performance of a contact service staff can be evaluated in terms of his/her voice quality, product knowledge and relevant service skills, and appropriate corrective action to further improve the quality of the service provided by the contact service staff. On regular or occasional basis, voice logs of contact service staff will be sent to the clients, and the clients may also visit our Group's contact service centres to perform call monitoring on the contact service staff for service review or monitoring purposes. There are no rules and regulations governing the keeping of voice logs of contact service staff but it is our Group's procedures to keep voice logs of contact service staff for a period of 3 months or for a period of time specified by the clients. On the basis that our clients are generally satisfied with the retention period of the voice logs, we consider that such retention period is reasonable within the industry.

During the Track Record Period, we did not receive any complaints on our services as reported to the Consumer Council of Hong Kong or other government departments in Hong Kong. Our Group is responsible for handling complaints that are related to the quality of the contact services provided by our contact service staff; and for the complaints that are related to our clients' services or products, our contact service staff is responsible for recording the details of the complaint and then passing such complaint on to our clients for them to handle and follow up. We received 11, 11 and 3 cases of complaints for the two years ended 31 December 2009 and 31 December 2010 and the six months ended 30 June 2011 respectively, relating to telephone manner, insufficient product information, overlooked instruction and relay of wrong message by our contact service staff; among which 13 were directly received by us from the customers and the remaining 12 were directed to us through our clients for our handling. When handling complaints, our operation supervisory staff will follow the standard complaint handling procedures in our ISO 9001 Quality Manual to carry out investigation by retrieving and listening to the telephone conversation recordings of the complaint case and then having an interview with the relevant contact service staff. Written or verbal feedback was then provided to the corresponding clients together with our proposed corrective and preventive actions. No compensation or penalty was paid to resolve the complaints, and such complaints did not result and have not resulted in any material adverse effect on our operations or financial conditions.

INTERNAL CONTROL

Data Security

The Directors believe that data security is essential for our clients and our business. Our Group implements security control with respect to physical environment and data handling in terms of system implementation as well as operation measures. Our Group adopts an informative security management system to manage risks to its information assets including restricted access to its information and database, thus ensuring a reasonable level of risk management in terms of information security and maintaining the confidentiality of sensitive information from clients by limiting access to such information on a strictly need-to-know basis.

Our clients deliver to our Group encrypted or password-protected soft copies of the calling data via emails or SFTP server. Only authorized and designated personnel in our Information Technology Department are allowed to download and upload the calling data onto the server. Upon completion of the provision of our contact services, all personal data in whatever form will be deleted and purged from our database; and the updated calling data will be encrypted and returned to our client. The network and data exchange connectivity with our client is controlled by firewall protection and regularly monitored by staff of the Information Technology Department of our Group. Back-up data is also encrypted for data protection purposes.

Mr. Yu Yeuk Sze, General Manager for Information Technology of our Group, is responsible for overseeing the Group's data security internal controls, implementing, maintaining and enhancing the standard of our information security control in order to fulfill the security requirements of our clients. He graduated with a degree in Bachelor of Science in Information Technology from the City Polytechnic of Hong Kong (now known as City University of Hong Kong) in 1991. Mr. Yu has over 4 years of experience in project management in our Group. He was awarded the Certified Information Systems Security Professional (CISSP) by International Information Systems Security Certification Consortium in 2011. It was one of the requirements of CISSP that candidates must have a minimum of five years, or four years with a college degree, of direct full-time security professional work experience in two or more of the following domains: access control, application development security, business continuity and disaster recovery planning, cryptography, information security governance and risk management, legal, regulations, investigations and compliance, operations security, physical (environmental) security, security architecture and design, or telecommunications and network security.

In addition, to further enhance our protection on data security, confidential data is stored and accessed by authorized staff of the Information Technology Department through their designated user accounts and passwords. Our contact service centres are divided into different working zones, and each zone is guarded by its own password door lock or access card system, so that only authorized staff working in that particular zone can have access to the area. CCTV cameras are installed in each of the offices and all working zones as well as other common areas in our contact service centre for surveillance purposes.

Moreover, with the exception of the workstation computers for management staff in the Operation Department, the port for removable storage devices is disabled, network printing is password-controlled and only limited to supervisory staff, Internet access is only limited to designated and relevant websites and no email communication is allowed. All the copying machines in the contact service centres are password-controlled and are restricted to supervisory staff only.

Our Group's measures to prevent hackers from attacking our systems include installing anti-virus software on servers and workstations, applying security patches and updates of operating systems, protecting the network connectivity with our clients by firewalls and disabling unnecessary services on servers and ports on firewalls. During the Track Record Period, our Group has not experienced any incidents relating to hackers attacking our systems.

Our Group recognizes the importance of keeping sensitive customer and business information in strict confidence. All staff members of our Group that have access to any of these confidential information are required to sign a non-disclosure agreement with our Group, which among other things, prohibits the disclosure of confidential information about our Group, the clients, its business and operation in general or a certain project in particular to any person as so stated in the agreement.

In view of the growth in business and the rising standard on information security required by our clients in the past years, Our Group decided to obtain the ISO 27001 certification in Information Security Management System in 2011 in order to further increase our competitive edge, minimize any potential risk in relation to data security and demonstrate our commitment to comply with the international information security management standards.

Our Group has sought legal opinion on whether our Group has experienced any breach of confidentiality. Our Hong Kong legal advisers, based on the documents and information provided by our Group, the representations made by our Company as well as their observations during a site visit to a contact service centre of our Group, are of the view that our Group has not experienced any breach of confidentiality during the Track Record Period. Our Directors share the same views with our Hong Kong legal advisers and confirm that there was no unauthorized use of personal data, negligence and misrepresentation during the provision of contact services, or any leakage of personal data by our Group during the Track Record Period.

Computer Systems

As a provider of outsourcing contact service provider, the contact service centre infrastructure and operating system used by our Group are significant to our business. Our Group utilizes the WISE-xb System to support the contact service centre operations. For details of the WISE-xb System, please refer to the paragraph headed "Research and development" in this section below.

System Maintenance and Back-up

To ensure the efficiency of our Group's multi-media contact service operations, regular system repair and maintenance is performed to safeguard the continuity of the provision of multi-media contact services. As at the Latest Practicable Date, our Group assigned a total of 8 employees to handle the repair and maintenance functions of our Group's operations.

Our Group makes use of the WISE-xb System and facilities in the existing multi-media contact service centres and provides multi-media contact services for our clients. Our information technology team is responsible to monitor and maintain all the computer systems in the multi-media contact service centres according to the ISO 9001 procedures and guidelines. The information technology department performs system checks, data back-ups, system maintenance and always maintains spare systems and parts of emergency hardware components to secure the continual operation of all the systems and facilities. The information technology department also performs on-site data back-up and upon client's request, off-site data back-up in accordance with the back-up procedures and specifications agreed with individual clients. In this way, we can assure service and client data can be readily recovered in any event and in turn secure the continual provision of our multi-media contact services.

We have data lines, internet broadbands and over 40 telephone Trunk lines connected to the multi-media contact service centres for inbound and outbound multi-media contact services. The diversified usage of telecommunication facilities from different telecommunication vendors minimises the chance of any single operator failure and major interruption to the multi-media contact services that we provide.

To avoid service interruption due to power failure, our Group has an alternative power supply system as well as power supply truck arrangement, to support emergency equipment and facilities in the event of material power interruption. During the Track Record Period, our Group has been able to maintain a stable and smooth running of the operation systems, and there has been no material system and equipment disruption, failure, breakdown or unauthorized access.

CLIENTS

Client base

Among our Group's five largest clients, the largest client which is in the telecommunications industry sector accounted for approximately 35% of our Group's total revenue while the other four major clients each represents approximately 7% to 11% of our Group's total revenue for the year ended 31 December 2010.

Our major clients are established corporations in various industries and public sectors including telecommunications, banking and financial services and insurance. These clients in the telecommunications, banking and financial services and insurance industry sectors tend to have a sizable customer base which represents and supports a lot of opportunities for outsourcing contact services on a continual basis to cope with their on-going customer communication activities in providing customer service, retaining customers as well as creating more business from customers.

Our clients in the telecommunications sector include a number of the key local operators of telecommunications network in Hong Kong. Competition within the telecommunications industry in Hong Kong has been intense and there is a continuing need for providing competitive services and formulating strategies for attracting and retaining customers as well as encouraging spending of the customers. The growth in demand for mobile data usage from the increasingly popular use of smartphone and advance mobile devices have also contributed to the continuing need of contact centre service by the local telecommunications operators.

Our clients in the banking and financial services sector are the major global and local banks offering comprehensive consumer and retail banking services. With the keen competition in consumer and retail banking products, these global and local banking clients need to provide comprehensive customer services as well as pro-actively market consumer and retail banking products such as credit cards and consumer loans.

Our clients in the insurance sector mainly comprise global insurance companies and the insurance associates of banking groups which require contact centre services for marketing both general or life insurance products to their selected customers.

During the Track Record Period and as at the Latest Practicable Date, our Group's top five major clients are in the telecommunications, the banking and financial services and the insurance sectors. For the two years ended 31 December 2009 and 31 December 2010, and for the six months ended 30 June 2011, the revenue from our largest client and five largest clients accounted for approximately 37% and 67%, 35% and 70%, and 35% and 71% of the total revenue of our Group respectively. Approximately 95% of the contracts our Group has entered into with our top five major clients have contractual term ranging between one to three years. Our Group has been serving most of our top 10 clients for an average period of more than 7 years.

Our strategy of providing at least two types of contact services to more than half of our major clients simultaneously helps to mitigate the risk of demand fluctuation in the case of provision of singular contact service. To further reduce reliance on the largest client, we plan to extend our services to more new clients in the same or other industry sectors, namely, MPF, business continuity support, retail and health care by leveraging on our established industry-specific experiences and trained contact service staff resources in telecommunications, banking and financial services, insurance and public sectors.

With most of our major clients belonging to the telecommunications, banking and financial services and insurance industry sectors, we can leverage on our experience and expertise to reallocate the resources to serve the other existing or new clients in the same or other industry sectors. In case our Group loses some of our major clients, we may implement a contingent plan to switch our emphasis onto other clients within the same industry sector and in other industry sectors by deploying the resources originally designated to the departing client at minimal time and costs. Our Group also plans to set up a new contact service centre with sophisticated and high standard equipment and facilities by December 2012 for the purpose of expanding into new industry sectors. It is estimated that half of the workstation capacity will be allocated for MPF related services or services that have more stringent requirements, while the remaining half will be used for business continuity or disaster recovery back-up service as well as other outsourcing outbound contact services.

Our business relationships with our top five clients for the year ended 31 December 2010 have spanned from 6 to 15 years. It is our Group's strategy to develop long term business relationship with our clients. Our Directors believe that in this way, we can accumulate and develop a good understanding of our clients' service requirements and business characteristics, which can allow us to provide better contact services to meet their on-going needs.

None of the Directors, their respective associates and shareholders who own more than 5% of the issued share capital of our Group had any interest in any of the five largest clients of our Group during the Track Record Period and as the Latest Practicable Date.

SUPPLIERS

Our Group's principal business is the provision of multi-media contact services in different forms and manner. Our Group rents private telephone lines and purchases facilities, equipment, computer hardwares, softwares and accessories from the suppliers. Our Group's purchases from our five largest suppliers together accounted for approximately 91%, 97% and 98% of our total purchases for the two years ended 31 December 2010 and the six months ended 30 June 2011 respectively. We purchased approximately 39%, 48% and 46% from our largest supplier for the two years ended 31 December 2010 and for the six months ended 30 June 2011, respectively.

Among the top five largest suppliers are telecommunications operator, computer hardware and software vendor, uninterrupted power system (UPS) vendor and computer accessories vendor. Our Group mainly rents telephone line, data line and broadband services from the telecommunications operators. We purchase personal computers, computer servers and other computer accessories from the hardware and software suppliers. We also purchase UPS systems from the UPS supplier and telephone headsets from the computer accessories vendor. None of our Group's major suppliers is the sole supplier of the products or services provided by them and therefore our Group can switch to another supplier if necessary.

One of the top five suppliers of our Group is also one of our top five clients on entity basis during the Track Record Period though our Group is dealing with different departments of such company. Our Group deals with the Wholesale Business Department of such company as a supplier and deals with Call Centre Sales Department of such company as a client. This client/supplier is a local provider of fixed line, broadband Internet and mobile telecommunications services. Our Group mainly provides outsourcing contact service, staff insourcing service and contact service centre facilities management service to this client/supplier. Our Group mainly subscribes telephone lines, data lines and broadband from this client/supplier. Our Group derived revenue of approximately 8%, 7% and 8% of the total revenue of our Group from this client/supplier for the two years ended 31 December 2009 and 31 December 2010 and for the six months ended 30 June 2011 respectively. Our purchases from this client/supplier represented approximately 22%, 20% and 13% of our Group's total purchases for the two years ended 31 December 2009 and 31 December 2010 and for the six months ended 30 June 2011 respectively. The amounts paid by the Group for these services represented an average of approximately 3% of the revenue from the same client/supplier for the two years ended 31 December 2009 and 31 December 2010.

Our Group usually purchases from the suppliers with the most favourable pricing, payment term and services. We also have our internal guideline to follow when selecting suppliers which normally requires us to consider different suppliers before making a choice on each transaction. There are also plenty of suppliers in the market to choose from and so our Group actually does not rely on any particular supplier.

In general, purchases are made with a credit period of up to 30 days which will then be settled by cheques.

During the Track Record Period, the Directors were not aware of our Group having any difficulty in sourcing equipment or telephone lines required for its operation.

None of the Directors, their respective associates and shareholders who own more than 5% of the issued share capital of our Group had any interest in any of the five largest suppliers of our Group during the Track Record Period and as at the Latest Practicable Date.

SALES AND MARKETING

Sales

The table below sets out the analysis of our Group's revenue by business segment during the Track Record Period:

Type of Services	Year ended 31 December 2009 Revenue *(HK$'000)* (audited)	Percentage of revenue	Year ended 31 December 2010 Revenue *(HK$'000)* (audited)	Percentage of revenue	Six months ended 30 June 2011 Revenue *(HK$'000)* (audited)	Percentage of revenue
Outsourcing inbound contact service	12,564	6%	8,890	5%	4,010	4%
Outsourcing outbound contact service	68,484	36%	70,577	37%	31,794	36%
Staff insourcing service	83,734	44%	87,994	46%	41,227	46%
Contact service centre facilities management service	24,503	13%	23,175	12%	12,365	14%
Others *(Note)*	1,347	1%	511	0%	–	0%
Total revenue	190,632	100%	191,147	100%	89,396	100%

Note:

The revenue relating to the "others" category represents the revenue generated from sales of system and software and licence fee income. The Group recognised revenue from licence fee and sales of system and software of approximately HK$1.4 million and HK$0.5 million for the two years ended 31 December 2010 and accounted for approximately 1% and 0% of the Group's total revenue of which approximately HK$0.4 million and approximately HK$0.5 million generated from licence fee income for the two years ended 31 December 2009 and 31 December 2010.

The table below sets out the analysis of our Group's revenue by the industry sectors for which our clients operate in during the Track Record Period:

Industry sectors of clients	Year ended 31 December 2009 Revenue *(HK$'000)*	Percentage of revenue	Year ended 31 December 2010 Revenue *(HK$'000)*	Percentage of revenue	Six months ended 30 June 2011 Revenue *(HK$'000)*	Percentage of revenue
Telecommunications	88,773	47%	80,943	42%	37,269	42%
Banking and financial services	50,158	26%	61,995	33%	31,871	36%
Insurance	34,623	18%	38,553	20%	16,522	18%
Public sector	8,927	5%	2,555	1%	1,337	1%
Others *(Note)*	8,151	4%	7,101	4%	2,397	3%
	190,632	100%	191,147	100%	89,396	100%

Note:

The industries in the commercial sector relating to "Others" include but not limited to retail conglomerate, computer vendor and pharmaceutical company.

Marketing and Customer Service

As at the Latest Practicable Date, our Group has a total of 4 staff members working in the Business and Marketing Department for sales and marketing.

Our marketing strategy is mainly based on:

- our ability to constantly deliver reliable multi-media contact service performance that is able to meet the client's expectation;
- our provision of professional service management and advice;
- the maintenance of long-term working relationship with the client through our stable management team;
- our flexibility and efficiency in delivering different types of multi-media contact services with respect to manpower resources, system set-up and application customization;
- our ability to offer different types of multi-media contact services to address the different needs of our client's business; and
- the reputation of our Group established through the past two decades in the contact service industry.

We endeavour to be a trustworthy and preferred multi-media contact service partner of all of our clients, providing different types of reliable multi-media contact services and solutions to meet their business needs. We believe in sustaining our service quality, we can strengthen our standing and track record in the industry, and maintain long-term working relationship with the clients for continual as well as new business opportunities.

Sales

With our Group's revenue mainly coming from sales to existing clients, we fully appreciate the maintenance of long term working relationship with our clients. We have been serving most of our top 10 clients for an average period of more than 7 years. In addition to the importance of delivering quality performance for our contact services, management staff from our Business and Marketing Department as well as Operation Department always keep in close contact with our clients through emails, telephone calls, regular meetings or site visits either at our contact service centres or at clients' premises. Through different ways of communication, both parties may address, discuss and explore ways to resolve problems, introduce any new service, products or development to each other and thus build up a trusting relationship as time goes by. Our Group believes that the strategy of maintaining long term trusted working relationship with clients is one of the key success factors of our Group.

As at the Latest Practicable Date, our Group assigned a total of 4 staff members working in the Business and Marketing Department who are responsible for soliciting new businesses through tenders, incoming enquiries, referrals and active pitching. Our Group is a subscriber of the Government IT Open Tender and a supplier included in the Government Logistics Department supplier list. We intend to participate in bidding for the tenders issued by the Government of HKSAR as well as other commercial corporations subject to the requirements of the tender. New contact service related enquiries from local as well as overseas companies are received through our Group's website and on-line advertisement, which serve as a source of our business leads from time to time. Referrals from staff of our clients, former clients or former staff are also obtained every now and then, and are handled by our Business and Marketing Department accordingly.

Our Group has invested in a total revamp of our Group's website and corporate video in 2009. The objectives of the overhaul were to upgrade the corporate image of our Group, and achieve a clear presentation of all the types of contact services offered. We also make use of the website as an effective enquiry channel for potential clients and as a recruiting channel to attract interested job applicants. The Business and Marketing Department is responsible for posting updated information about our Group to the website on a timely basis, and also sending out e-Newsletter through email to existing clients and selected parties on a bi-monthly basis.

Service Agreements

The agreements that our Group enter into with our clients in general contain (i) the scope and requirements of the services to be provided by our Group; (ii) a contract term that generally ranges from three months to three years; (iii) a renewable clause at expiry upon mutual agreement, if any; (iv) a pricing scheme on one-off and/or recurring charges; (v) a payment credit term typically of 30 days; and (vi) a termination clause that ranges from one to six months.

Pricing of our Group's services

There are different charging schemes for different types of contact services provided to our clients due to the differences in the nature of the services. Typically, all the charges are agreed with the clients in advance and shall remain unchanged during the contract period unless otherwise mutually agreed between the clients and our Group. For outbound contact service that involves insurance products, either no commission or a refund of the paid commission is applied for those lapsed policies within the first two or three months after inception depending on the commercial terms agreed with our clients. Other than the above, the Group's fee and commission received for other outbound contact service is not subject to clawback.

There were a total of four clients of the Group which were subject to adjustment of revenue in respect of those lapsed policies within the first two or three months after inception depending on the commercial terms agreed with the clients during the Track Record Period and the Group recognised the revenue after taking account of any aforesaid adjustments (if any). We perform review for any adjustments of revenue booked in relation to insurance products at financial year end dates. Please refer to the section headed "Financial information" in this prospectus under 'Management Discussion and Analysis' under 'Revenue recognition policy' for more details.

Our Group usually charges a one-off set-up fee for each new project to cover the cost of first time project liaison, new program implementation, as well as training of the contact service staff for the new service. In addition, our Group charges a fixed fee for each fixed period of time (say monthly basis) for ongoing system and project support for most of our contact services. In the event that our contact service staff need to solicit business for our clients during the provision of contact service, a commission shall be applied for each successful order or subscription of service.

The charge schemes for each type of the contact services on a generalized basis are described below:

1) Outsourcing Inbound Contact Service

We charge a fixed basic fee based on a minimum committed number of calls answered within each fixed period of time which is mutually agreed between the client and our Group in advance. If the total number of calls answered in the fixed period of time is less than the minimum committed number of calls, our Group shall only charge the agreed fixed basic fee; if the total number of calls answered in the fixed period of time exceeds the minimum committed number of calls, our Group shall charge each additional call at a rate which is agreed with the client in advance. Taking into consideration the scale, contract period, average call handling time, service window and other related requirements for different services, the average monthly fee of an inbound program is approximately HK$42,000, HK$26,000 and HK$27,000 for the two years ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively. The higher average monthly fee in 2009 was generated from a major inbound program that expired during 2009.

2) Outsourcing Outbound Contact Service

We have two broad charge schemes for the basic fee of each outbound contact service program: a fixed unit rate per call record provided by the client, or a fixed unit rate per dedicated contact service staff assigned to the outbound contact service. Taking into consideration the scale, contract period, nature of the outbound contact service and other related requirements for different services, the average rate in terms of an outbound record is approximately HK$12, HK$12 and HK$11 for the two years ended 31 December 2009 and 2010, the six months ended 30 June 2011 respectively.

3) Staff Insourcing or Secondment Service

Our Group usually charges a mark up fee for each insourced staff during the service period in which the insourced staff works for the client. Taking into consideration the job nature, working or shift hours, number of headcount and other related requirements on the insourced contact service staff, the average monthly charge of an insourced staff member is approximately HK$10,000, HK$11,000 and HK$10,000 for the two years ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively.

4) Contact Service Centre Facilities Management Service

Workstation Leasing and System Hosting Services

For contact service centre workstation leasing and system hosting services, a fixed monthly unit rate on each workstation is applied depending on the scale and complexity of the service. Taking into consideration the scale, contract period, contact service centre set up and other related requirements, there may be variations on the charges for different services. The average rate of a leased workstation is approximately HK$5,000, HK$4,900 and HK$5,300 for each of the two years ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively.

IVRS Hosting Solution

For the IVRS hosting solution, a unit rate per telephone channel used is applied. Taking into consideration the complexity of the IVRS service, number of telephone channels used, contract period, and other related requirements, there may be variations on the charges for different services, and the average daily rate per telephone channel ranges from HK$28 to HK$327 during the Track Record Period.

During the Track Record Period, our Group did not have any material dispute with the clients on the fees charged. Our Finance Department is responsible for ensuring the accuracy of billing, including but not limited to, verifying the calculation of billing against the contract and other relevant reports and confirming the billing amount with the relevant departments. The Finance Department also ensures the completeness of billing through, including but not limited to, system monitoring, developing billing sequence control system and these processes are regularly reviewed by the head of the Finance Department. The information of a program will be input into the system based on the contract. Our designated finance staff member is responsible for monitoring the progress of the programs and ensuring the billing amount is consistent with the amount shown in the system. Variance of the billing amount can be identified by the designated finance staff and followed up by the relevant parties subsequently. The sales invoices were issued in sequence based on the contract and according to the progress of programs to ensure the completeness of revenue. The Finance Department is also responsible for the proper maintenance of the accounting records of the Group.

HUMAN RESOURCES

The contact service industry is a labour-intensive industry and thus, the Directors believe that human resource management is crucial for success. The quality and performance of the contact service staff play an important role on the quality and performance on our contact services provided to the clients. In order to maintain our competitiveness in the contact service business, our Group puts strong emphasis on recruiting, retaining as well as training the contact service staff.

Our Group's Human Resources and Administration Department is responsible for the recruitment and management of all employees records in our Group. As at the Latest Practicable Date, our Group has a total of 20 staff members working in the Human Resources and Administration Department.

Recruitment

With the major objective of recruiting sufficient staff for the outsourcing inbound and outbound services as well as for the staff insourcing service provided to the clients, our Group makes use of different recruiting channels to broaden the recruitment network, including:

- Advertising in newspapers and magazines;
- Posting in recruitment websites;
- Posting job vacancies in the corporate website;
- Distributing recruitment handbills;
- Referrals made by existing employees of our Group;
- Calling and soliciting previous staff;

- Participating in recruitment exhibitions and events;
- Liaising with communal organizations for recruiting activities;
- Attending career talk organized by institution;

All insurance intermediaries (including insurance agents) are required to comply with the requirements of the Insurance Intermediaries Quality Assurance Scheme for registration as insurance intermediaries under the insurance intermediaries registration system which applies to our staff who provide service for the insurance clients. In this respect, we focus on recruiting experienced and licensed staff for providing the corresponding contact services.

In the opinion of our Group, retaining competent staff is just as important as recruiting new staff. We provide a career path for our staff. As at the Latest Practicable Date, our Group had over 50% of supervisory or management staff in the Operation Department who were promoted to their current job positions from within our Group.

Group events such as annual Christmas parties and annual dinners are regularly organized by our Group. As a tribute, certificates, trophies as well as monetary awards are given out to staff with outstanding performance or long service tenure as a recognition of their contribution to our Group on a regular basis.

Training

We consider training and development of our staff essential for our continual ability to provide quality service to our clients. According to our Group's training policy, newly recruited staff are required to attend training courses relevant to their job nature and needs, to ensure they are equipped with the necessary skills and knowledge to perform their duties. The entire training process of contact service staff for both inbound and outbound contact services are under the scope of our Group's ISO 9001 certification.

The training normally lasts from 1 to 2 days up to a week depending on the nature of service to be provided. The training curriculum usually covers information about our Group, the clients, the relevant contact service skills as well as the specific service and product knowledge through classroom training and role play. Contact service staff are assessed at the end of the training to ensure that they have the abilities to perform their duties. In some cases, the client may jointly conduct the service and product specific training and/or the assessment of contact service staff at the end of the training with our Group.

Our Group also recommends and sponsors external training courses or seminars to relevant staff to enhance their job knowledge and skills in their responsible fields of duty. In addition, our Group organizes customized training courses for selective middle and top management staff on different business and management areas including internal control, marketing, accounting and financial analysis and strategic management.

RESEARCH AND DEVELOPMENT

The Directors believe that persistent research and development are crucial for our Group in maintaining our market position and to compete successfully in the multi-media contact service industry.

Our Research and Development Department developed the WISE-xb System. Since then, it has been working on the enhancement of the WISE-xb system by developing additional functions in the system.

The Research and Development Department is mainly responsible for the upgrading of the existing operation systems and the designing of new systems custom-made for our Group's multi-media contact service centres. As at the Latest Practicable Date, our Research and Development Department consists of 8 staff members, of which 7 of them possess tertiary/professional qualification, 2 of them have relevant experiences of 9 years or above in system development. During the Track Record Period, our Group's research and development expenditure amounted to approximately HK$2,091,000 for the year ended 31 December 2009, HK$2,425,000 for the year ended 31 December 2010, and HK$1,258,000 for the six months ended 30 June 2011.

Since the incorporation of our Group, the research and development department has developed several operating systems which are relied upon by our Group in its daily operation.

WISE-xb System

Our Group designed and developed the WISE-xb System since 2000, and is responsible for its on-going maintenance, modifications and development. The WISE-xb System is an all-in-one multi-media contact centre system which comprises a suite of software built on a digital telephony platform with a comprehensive telephony functions for the operation and management of contact services. WISE-xb System adopts the CTI technology which allows data collected from the telephone systems to be used to query databases with customer information, as well as integrates the telephony data and customer data for easy reference.

The WISE-xb System supports the operation of multi-media contact service centres in a holistic approach through the provision of multi-media support (including telephone call, fax, email, web and short message), universal queue, call routing, IVR, voice monitoring, digital voice logging with encryption, auto/preview/predictive dialling, real-time status monitoring, video capture, auto-backup and reporting, and VoIP enabled functions.

The WISE-xb System also provides the client-side API that allows any third-party desktop applications to integrate with WISE-xb System, with full telephony functions.

The total development cost of WISE-xb System since its initial development up to 30 June 2011 is approximately HK$16,000,000.

The WISE-xb System has been the fundamental system and platform supporting our Group's over 850 workstations in Hong Kong for all the inbound and outbound multi-media contact services and facilities management services provided to corporate clients throughout the years.

Our Group plans to conduct online patent search to validate the functions and features planned to develop in order to ensure that there is no infringement of other patented systems in the market prior to development.

The Directors consider that the WISE-xb System satisfies the requirements of novelty, creativity and with practical use for patent registration applications and thus the relevant authority would accept the patent application of the WISE-xb System. However, our Group did not apply for patent for the WISE-xb System in the past taking into account the risk of disclosing the technical details and specifications of WISE-xb System, which is considered a trade secret of our Group. Further, our Group has no intention to apply for patent in the future.

The core functions of the WISE-xb System include:

1) Multi-media support

The WISE-xb system supports multi-media contact service centres to communicate through multi-media contact channels including incoming and outgoing telephone call, fax, email and short message, voice mail, web-call-back and interactive web-chat.

All the media contacts can be distributed to an appropriate agent through the ACD function, which is an automated call management and distribution mechanism to assign incoming contacts to a specific contact service staff pool or contact service staff based on pre-set routing rules. For example, an incoming call with English language selected will be routed to a contact service staff with pre-defined English speaking skill-set.

2) Universal Queue for multi-media contact channels

The WISE-xb System has a universal queuing mechanism that allows all media of contacts to be integrated into a single queue and be effectively distributed or routed to the contact service staff with the appropriate pre-set skill-set(s), saving the effort in managing different queues for different media.

3) Skill-based Call Routing

The WISE-xb System has a routing engine that offers a variety of options for routing an incoming contact to a contact service staff. In addition to routing each contact to a contact service staff with the appropriate pre-set skill-set(s) in order to match the needs of each incoming contact, the WISE-xb System also provides a range of user definable routing criteria with the objective to achieve the best routing efficiency when an incoming contact is to be distributed to more than one available contact service staff with the appropriate pre-set skill-set(s). There are six routing options available:

1. Sequential (according to the order in the list of contact service staff);

2. Random;

3. Longest waiting time;

4. Longest average waiting time;

5. Least average call count; and

6. Least average work time.

4) Interactive Voice Response

WISE-xb IVR function is a major contact service centre component that helps setting up customer self-service mechanisms by allowing the caller to interact through the use of voice and telephone keypad inputs.

The IVR is equipped with a graphical user interface ("GUI") that allows the user to easily and quickly design and modify the call flow of the IVR through drag-and-drop a comprehensive set of pre-defined function icons. Additional logic can be integrated to the call flow of the IVR to support any data capturing and verification as well as specific handling mechanisms such as lucky draw and registration confirmation.

The IVR provides unlimited voice announcements, customized greetings, variable delay messages, as well as interactive and multi-level menu selections. With scripting, thousands of customized voice files can be selected and combined, so that caller can hear promotional announcement, as well as informational updates and call status updates.

IVR can handle all languages usage, as all of the play back messages can be recorded according to the user need. Also, all of the customers' input information can be stored in the IVRS flow. ASR and TTS are also supported, which allow customers to easily complete various and complex self-services on the phone by simply pressing a button or speaking out a command, to maximize business efficiency.

5) Digital Voice Logging/recording with encryption

All inbound and outbound voice conversations can be recorded and saved in digital format. The voice logging/recording function can be enabled by pre-defined service property at the initial stage, or by supervisors according to user need, to log and record all conversation between contact service staff and callers, for better monitoring the service quality, contact service staff performance and status of contact service campaign.

There is no limit to the length of recorded conversations and the number of recorded conversations provided that there is enough hard disk and the file size and number of files can be supported by the operating system.

A user interface is provided for the contact service staff or supervisor to play back and dispose the recorded conversation. Recorded voice can be played through the speaker of the workstation or through the contact service staff's own phone set. Recorded voice log can be searched by date, time, extension number or caller identity.

Instant encryption is also enabled to encrypt the voice log once it is recorded. The encryption password can be defined by user.

6) Auto, Preview and Predictive Dialers

Auto Dialer

With the auto dialer function, outbound calls are dialed by the system automatically according to the call list imported into the system. Once the call is picked up, the WISE-xb System will route the call to an available contact service staff to handle.

Preview-Dialer

The preview dialer allows the contact service staff to initiate the dialling out of a telephone number by just clicking the call-out button on their terminal, without having to input the eight-digit telephone number. It is commonly used to allow the contact service staff to view through the important information of the customer profile and prepare the corresponding telemarketing strategy before calling.

Predictive Dialer

The predictive dialer is composed of an intelligent predictive algorithm which is based on the past calling statistics to determine or predict the availability of a contact service staff and hence simultaneously make multiple outbound calls in advance.

Predictive dialer helps to streamline the dialling process in an efficient way, saving the contact service staff the time for dialling out, waiting for a connection, calling an invalid telephone number; and hence it improves the efficiency of the operation.

7) VoIP

The WISE-xb System is also available on the VoIP platform for both wide area network (WAN) or local area network (LAN) using the VoIP (HMP) technologies, for managing the delivery of voice over the internet. The VoIP WISE-xb System offers the full range of functionalities available on the traditional WISE-xb System on the Internet, and provides a common platform for our Group to manage its multi-media contact service centres at different sites easily and at a low cost.

8) Voice monitoring

The WISE-xb System supports silent call monitoring so that supervisory staff can monitor the performance of any contact service staff at any time during a live call conversation.

Different modes of call monitoring is available including silent mode (without notice to any party of the telephone conversation), coaching mode (only the contact service staff can hear the supervisor but not the other party), barge-in mode (the contact service staff being disconnected so that the supervisor can talk to the other party directly), and conference mode (contact service staff, calling party and supervisor holding a conference call).

9) Real Time System Monitoring

The Real Time System Monitor is an extensive statistics and analytics tool for users to monitor the performance of a multi-media contact service centre on a real-time basis. It helps supervisory staff to keep track of the overall performance of its operation through a user-friendly and user-definable graphical design interface with integrated real time information.

With the Real Time System Monitor, users can have access to various real-time information related to the operation of the multi-media contact service centre including, ACD performance (such as number of call waiting in queue, number of call answered, number of call abandoned, longest call waiting time), contact service staff performance (for example, current contact service staff status such as working, idling, away, number of calls made, number of orders made, total talk time), and trunk line utilization statistics. Other than monitoring the real time performance, the Real Time System Monitor also allows the user to fine tune a number of system parameters to further improve the performance of the operation. Different access privileges can be assigned to different levels of supervisory staff in order to safeguard the access right of each user. A user-definable set of information available on the Real Time System Monitor can be transmitted to a wallboard display for sharing the necessary information with the contact service staff.

10) Video Capture

In addition to voice recording, the changes in the contact service staff terminal screen during the conversation can also be saved as a video file.

11) Auto-Backup System

The WISE-xb Auto-Backup System supports automatic backup of different media files (including voice recording files, terminal captured video files and media files) to different specified storage media (DVD, tape or hard disk) according to user-definable backup schedule.

12) Reporting Module

The WISE-xb Reporting Module provides standard or user defined, real time or historical data reports to reflect the overall performance of the multi-media contact service centres and contact service staff. The unified architecture of the WISE-xb System uses a single, standard-based reporting engine to track all multi-media contact service centre resources, applications and interactions.

INSURANCE

Our Group maintains the office comprehensive insurance plan against all risks such as fire, theft, burglary and water damage. Apart from office contents, the insurance plan also covers personal accident, increase in cost of working, legal liability, loss of income and employees' compensation.

The Directors are of the view that our Group's insurance coverage is adequate for its operation.

INTELLECTUAL PROPERTY RIGHTS

Trademark

As at the Latest Practicable Date, we had registered two trademarks in Hong Kong. Details of such trademarks are set out in the paragraph headed "Intellectual property rights of our Group" under the section headed "Further information about the business" in Appendix V to this prospectus.

As at the Latest Practicable Date, based on the litigation, winding-up and bankruptcy searches conducted on the Group on 16 December 2011, our Group was not aware of any infringement (i) by us of any intellectual property rights owned by third parties or (ii) by any third parties of any intellectual property rights owned by us. We were not engaged in any litigation or legal proceedings for any violation of intellectual property rights of any person, or of any material violation of any intellectual property rights of any person.

Domain name

As at the Latest Practicable Date, we had registered the domain names including www.eprotel.com.hk, www.etsgroup.hk, www.etsgroup.com.hk and www.易通訊集團有限公司.com in Hong Kong. Details of such domain names are set out in the paragraph headed "Intellectual property rights of our Group" under the section headed "Further information about the business" in Appendix V to this prospectus.

COMPETITION

Our Directors believe that the contact service industry in Hong Kong is competitive, and this situation is expected to persist in the future. Our Group's competitors, in general, include corporations with their own contact service centres that provide contact services similar to those provided by our Group and independent contact service providers that provide contact services from their own contact service centres. Our Directors believe that there is growing demand for contact centre service from across a variety of industry sectors in Hong Kong and given the language, operating environment, regulatory and other issues, the subcontracting trend to other countries and areas such as the PRC is not stable and as such the demand for contact centre service in Hong Kong is still strong.

There is a lack of published information relating to the industry landscape of the contact service market in Hong Kong. Based on the business dealings of our Group with its clients over the last 20 years and the feedback we obtained from our clients, our Directors believe that the contact centre service industry in Hong Kong is quite fragmented and currently there are only three independent contact centre service providers (including our Group) which have a capacity of more than 500 workstations in Hong Kong. In addition, our Directors believe that many companies in Hong Kong have not outsourced all of its contact service centre functions to outside parties and have been operating contact service centres of their own, and companies of substantial size such as those in the telecommunications, banking and financial services and insurance industries are among those companies which, our Directors believe, are operating some of their in-house contact service centres.

Our Directors are confident that our Group will continue to maintain the following competitive advantages over its competitors:

(i) experienced and stable management team;

(ii) reliable service performance;

(iii) its ISO 9001 certification;

(iv) self-developed WISE-xb System that will continue to be upgraded and enhanced;

(v) provision of comprehensive services to different clients in diverse industry sectors;

(vi) the long term business relationships with its clients in both business and public sectors; and

(vii) concentrated and efficient utilization and application of our Group's resources in the provision of its services to our clients.

LEASED PROPERTIES

We currently lease from Independent Third Parties five properties located in Hong Kong under separate tenancy agreements with different parties with an aggregate gross floor area of approximately 50,726 sq. ft.. The properties are mainly used for our Group's multi-media contact service centres, offices and storage purpose.

For details of the properties leased by us under the relevant tenancy agreements, please refer to the Property Valuation Report from the independent qualified professional surveyor as included in Appendix III to this prospectus.

Litigation

As at the Latest Practicable Date, based on the litigation, winding-up and bankruptcy searches conducted on the Group on 16 December 2011, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against us, that would have a material adverse effect on our operation results or financial condition. Our Hong Kong legal advisers are of the opinion that the Group was not engaged in any litigation, arbitration or claim of material importance during the Track Record Period and up to the Latest Practicable Date.

Minimum Wage

Minimum Wage Ordinance (Cap. 57) ("**MWO**"), which came into force on 1 May 2011, provides a wage floor to employees and the initial statutory minimum wage (the "**SMW**") as provided under MWO is HK$28 per hour. MWO applies to every employee, his or her employer and the contract of employment under which he or she is engaged and an employee is entitled to be paid wages of not less than the SMW.

Our Company has sought legal opinion on our Group's compliance with MWO. The Company's Hong Kong legal advisers, based on the documents and information provided by our Company, are of the view that wages payable to every employee of our Group are no less than the rate of SMW as from 1 May 2011 up to the Latest Practicable Date and our Group has complied with MWO as from 1 May 2011 up to the Latest Practicable Date. Our Directors share the same views with the Company's Hong Kong legal advisers and consider that our business is conducted in compliance with MWO.

The Directors confirm that the compliance with the MWO have no material impact on the operating costs and profit margin of our Group and therefore would not affect our Group's operation and financial position in this regard.

BUSINESS OBJECTIVES

Our Group has been in the contact service market in Hong Kong for around 20 years, and operates three contact service centres in Hong Kong, one in Kowloon Bay, two in Kwun Tong, with a total of over 850 workstations and employed over 1,000 contact service staff as at the Latest Practicable Date. We provide comprehensive multi-media contact services to corporate clients in diverse industry sectors including the telecommunications industry, the banking and financial services industries, the insurance industry and the public sector. Our Group provides outsourcing inbound contact services, outsourcing outbound contact services, staff insourcing services and contact service centre facilities management services. All of the contact services provided at our contact service centres are operated on the WISE-xb System, which is an all-in-one multi-media contact centre system, the initial version of which was designed and developed by our Group in 2000. We offer a comprehensive range of contact centre system features to support the day-to-day operation and management of the contact services as well as contact service staff.

Through the provision of contact services, our Group is able to maintain long term business relationships with our clients and we have been serving most of our top 10 clients for an average period of more than 7 years. Our Group aspires to further upgrade our market position to be a leading professional multi-media contact service partner that adds value to our clients' business. Our Group plans to leverage on our existing facilities and improve our competitive strength by (a) setting up new contact service centres for capturing the demand from different market segments and more industry sectors; (b) expanding and enhancing our contact centre system and software; and (c) enhancing capabilities of existing contact service centre facilities.

BUSINESS STRATEGIES

Our Directors have developed the following business strategies to achieve our Group's business objectives:

1. Setting up new contact service centres for capturing the demand from different market segments and more industry sectors

Our Group currently operates three contact service centres in Hong Kong, one in Kowloon Bay and two in Kwun Tung. The three contact service centres are operated with a total operation area of approximately 43,236 sq. ft. in area, over 850 workstations and over 1,000 contact service staff, as at the Latest Practicable Date. All the workstations are mainly occupied for the provision of our Group's outsourcing inbound and outbound contact services as well as contact service centre facilities management services through leasing of workstations.

After attaining around 320 workstations through a series of expansion at our first contact service centre at Kowloon Bay in 1999, our Group had expanded our contact service centre capacity to around 640 workstations by the end of 2006 through the set up of Quarry Bay and Kwun Tong contact service centres.

In early 2008, the Group has established a contact service centre at Camelpaint Building at Kwun Tong, with around 360 workstations for replacing the Quarry Bay contact service centre. As a result, the Group has added around 530 workstations in two years' time from the end of 2006 to early 2008 and achieved a total contact centre capacity of around 850 workstations in three contact service centres by then.

Considering the high utilization rate of approximately 84%, 83% and 91% of our contact service centres for the year ended 31 December 2009 and 2010 and the six months ended 30 June 2011 respectively, and an increasing trend in service demand from the clients, our Group seeks to sustain our business growth by planning to set up two new contact service centres in Hong Kong before end of 2012. The first centre will have a capacity of 250 to 300 workstations, while the second contact service centre, which plans for targeting the demand from clients requiring higher security and other standard, will have a capacity of 100 to 140 workstations. The implementation of the setting up of the two new contact service centres are stated under the sub-section headed "Implementation plans" in this section.

By setting up the two additional contact service centres, our Group's workstation capacity can be increased to more than 1,200 workstations. Our Group estimates that it will take 6 months to prepare and set up a new contact service centre including selecting the location and premises, designing the floor plan, renovating the site and setting up the WISE-xb System, network and other computer equipment. With the objective of broadening the geographical coverage of staff recruitment to attract more manpower, our Group will also consider locations other than East Kowloon when selecting the sites for the new contact service centres.

The two new contact service centres are to be equipped with the WISE-xb System to support the operation of outsourcing contact services and contact service centre facilities management services. The first contact service centre with 250 to 300 workstations will have similar infrastructure, facilities and set-up model with that of the existing three contact service centres at Kowloon Bay and Kwun Tong, and is to be set up for meeting any additional contact service demands from existing as well as new clients in existing and new industry sectors.

Our Group also plans to set up a contact service centre with 100 to 140 workstations with more sophisticated and higher standard equipment and facilities in support of our Group's expansion into new business sectors and cope with clients with more demanding service requirements. This contact service centre is expected to be equipped with higher standard physical security, network security, hardware equipment, system software together with more stringent administration control.

The first new contact service centre with planned 250 to 300 workstations is expected to be operational by June 2012. Our Group has started to collect comments on service demand from the existing clients and explore potential business from new clients with respect to different types of contact services. On the basis of the preliminary feedback from our existing clients, we estimate that approximately 70% of the workstations can be occupied within nine to twelve months after the commencement of operation of the first new contact service centre, with around

45%, 30%, 15% and 10% of the clients from the banking and financial services, insurance, telecommunications and other new industry sectors respectively. The remaining workstation capacity is expected to be gradually utilized in around another six months' time by our existing and new clients.

The second new contact service centre with planned 100 to 140 workstations with sophisticated and high standard equipment and facilities is expected to be operational by December 2012. Our Group plans to make use of this new contact service centre to target new business opportunities and industry sectors as well as services that demand higher security or system requirements. Initially, our Group has identified the MPF service sector and business continuity or disaster recovery back-up site service sector as two potential areas for future development. In light of the possibility of introduction of the new MPF "Employee Choice Arrangement" ("ECA") policy during the year of 2012, which allows around 2.5 million MPF scheme members in Hong Kong to transfer once per calendar year the accrued benefits derived from their own mandatory contributions made during current employment from a contribution account under their employer's chosen scheme to a MPF scheme of their choice, our Group believes that there will be great competition among MPF trustees upon the introduction of the ECA, and therefore will generate great potential in both outsourcing inbound and outbound contact services in terms of soliciting account transfer or consolidation, enquiry hotlines as well as related administration support. Our Group expects to start providing MPF related contact services in early 2012, our experience and reference together with the new contact service centre will allow us to expand our MPF contact service to our existing as well as any new clients who are involved in the MPF business.

Currently, our Group is serving as the business continuity contact service centre for two of our clients, with the increased capacity and high standard equipment and facilities of the planned second contact service centre, the same arrangement can be further introduced to other clients. Riding on a planned total of five contact service centres with more than 1,200 workstations in Hong Kong in the future, it is our Group's intention to explore and develop the business continuity support service to our existing as well as new clients. We plan to reserve spare capacity or workstations at our Group's contact service centres to serve as the business continuity or disaster recovery back-up sites for both our Group's contact services as well as that for our clients. Taking into consideration the increasing awareness of the importance of business continuity plan and disaster recovery plan for corporations with their own contact service centres, our Group believes that there is substantial potential in the demand for such contingency support. With our Group's experience in customized system set-up for different clients, and our in-house information technology team working 24 hours a day, we believe we are able to offer cold, warm and hot site back-up support in accordance with the requirements of the clients by making use of our own contact service centres. Moreover, our Group believes that our new well-equipped contact service centre with high standard physical security, network security, hardware equipment, system software together with stringent administration control will be able to meet any strict service requirements for the provision of the back-up site support to the clients.

It is estimated that half of the workstation capacity will be allocated for MPF related services or services that have more stringent requirements, while the remaining half will be used for business continuity or disaster recovery back-up service as well as other outsourcing outbound contact services within the first year of operation of the second planned contact service centre.

2. Expanding and enhancing our contact centre system and software

All the outsourcing inbound and outbound contact services and contact service centre facilities management services provided at our contact service centres are operated on the WISE-xb System, which is an all-in-one multi-media contact centre system designed and developed by our Group in 2000.

Our Group recognizes the vital need to keep abreast with the latest technological development in communications, and to maintain the competitiveness of the WISE-xb System as well as our contact services which ride on the WISE-xb System platform, our Group plans to further invest on the research and development of the WISE-xb System by enhancing the current functionalities and adding new contact service centre related applications.

Our planned research and development projects include:

(a) upgrading WISE-xb VoIP solution to provide IVVR and video contact centre features, which in addition to listening to traditional voice messages, allows a 3G mobile phone user to view videos at appropriate places in the IVVR flow and helps to enhance customer experience;

(b) developing WISE-xb workforce management system with key features including (1) contact service staff web access which allows contact service staff to view and modify their own work schedules; (2) real time status of contact service staff which allows supervisors to make real time comparison between the schedule with actual status of the work of the contact service staff to generate contact service staff adherence report; (3) automated/distributed workforce management which generates duty roster of the contact service staff automatically according to the type of contact service, contact service staff availability, work rules, skill sets, holidays, breaks, and service levels; (4) contact service staff notification – which delivers daily schedules, schedule changes and adherence information to contact service staff automatically in pop-up screen upon log-in or on need basis; (5) web base reporting which allows authorized staff to view on-line information on performance of the contact service through the internet anywhere;

(c) developing new contact centre solution to support another operating system, which is a free software licence and an open sourced operating system developed since 1991. It offers a good level of system security, stability and hardware compatibility, as well as lower licence fees and maintenance fees, which in turn helps to broaden the market supported by WISE-xb System and increase the price competitiveness of the WISE-xb System;

(d) providing interface in the WISE-xb System to connect popular social networking websites as an additional channel of communication, and provides a holistic view of all interactions with the customers;

(e) developing customer relationship management (CRM) solution which helps to enhance the contact service operation to better manage the customer interactions and with the objective of providing more customized contact services to the customers.

(f) developing new contact service centre analytical tools that help to provide better insight on the contact service characteristics, such as speech analytics to mine and analyze the content of live customer voice interactions to identify any pattern or keywords that can help to find out more information from the live interaction; data analytics that applies statistical algorithms on different aspects of the contact data such as contact service staff productivity, performance scoring, call queuing time, to produce new information and insight of the operation.

Our Group believes that through the research and development of the new and enhanced functions listed above, the WISE-xb System can be further differentiated from similar competing contact service centre products in the market and provide more value added capabilities to better support the contact services business of our Group in the long term.

3. Enhancing capabilities of existing contact service centre facilities

In order to maintain the corporate image as well as operating efficiency, our Group plans to carry out a series of improvement works in respect of the physical conditions, facilities upgrade and system enhancement to the contact service centres which are over four to five years old.

One of the objectives of the renovation is to improve the physical condition of the contact service centre to ensure a professional working environment is in place for internal use as well as attract and retain facilities management leasing clients. Workstation partition, carpet, wallpaper, headset, furniture, etc are items expected to be included in the improvement work for upgrading the physical conditions of the contact service centres. To maintain the safety and functionalities of the contact service centre facilities from natural wear-and-tear due to long hours of operation, our Group also plans to renew and reinstate some of the facilities in the contact service centres including air conditioning systems, lighting systems, power cabling in order to ensure all supporting facilities are in good order to support the operation of its business.

Our Group also plans to upgrade the contact centre system to the VoIP platform, so that better efficiency and higher flexibility in supporting any new business initiatives, on-going operational changes, multiple sites management, etc. can be achieved to further sustain the leading edge of our Group's outsourcing and facilities management businesses. To support the upgrade to the VoIP platform, a number of related computer systems and equipment will also have to be upgraded to higher or more powerful configuration in order to meet the more demanding requirements of the VoIP platform. In addition, our Group also plans to enhance the overall network configuration of the contact service centres to strengthen their network capabilities in terms of security control and network functionalities, to meet the more and more demanding network security requirements from the clients.

Based on the target implementation schedule, the renovation work and system upgrade will be carried out at one contact service centre at a time. In order to avoid any disruptions to the operations and business, our Group will make detailed planning in advance, and will perform the jobs by phases at the contact service centre. Renovation work that may disturb the service operation will try to be scheduled during non-operating hours, such as during evenings, weekends and public holidays. Spare workstations and systems will also be made available to facilitate migration of workstations from one section to another within the contact service centre.

IMPLEMENTATION PLANS

In order to implement the business objectives and strategies as described above, set forth below are our Group's implementation plans for each of the six-month periods until 31 December 2013. It should be noted that our Group's implementation plans are formulated on the bases and assumptions referred to in the paragraphs under the sub-section headed "Bases and assumptions" below. These bases and assumptions are subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed "Risk factors" in this prospectus.

For the six months ending 30 June 2012

Setting up new contact service centres for capturing the demand from different market segments and more industry sectors	• Set up the first additional contact service centre with a capacity of 250 to 300 workstations. • Prepare for setting up of the well-equipped second additional contact service centre with a capacity of 100 to 140 workstations. • Start to collect and study service needs from potential clients.
Expanding and enhancing our contact centre system and software	• Effect developing interactive voice and video response (IVVR) and video contact centre feature • Effect developing workforce management development • Effect developing new contact service centre solution to support another brand of operating system
Enhancing capabilities of existing contact service centre facilities	• Carry out the improvement work at the contact service centre at Kowloon Bay.

For the six months ending 31 December 2012

Setting up new contact service centres for capturing the demand from different market segments and more industry sectors	• Complete the set up of the second additional contact service centre with a capacity of 100 to 140 workstations
Expanding and enhancing our contact centre system and software	• Finish developing interactive voice and video response (IVVR) and video contact centre feature • Finish developing workforce management development • Develop new contact service centre solution to support another brand of operating system • Effect developing social media features in WISE-xb System • Effect developing customer relationship management
Enhancing capabilities of existing contact service centre facilities	• Complete the improvement work at the contact service centre at Kowloon Bay

For the six months ending 30 June 2013

Setting up new contact service centres for capturing the demand from different market segments and more industry sectors	• Continue to operate the two additional contact service centres
Expanding and enhancing our contact centre system and software	• Finish developing new contact service centre solution to support another brand of operating system • Develop social media features in WISE-xb System • Develop customer relationship management • Effect developing additional contact service centre analytical tools
Enhancing capabilities of existing contact service centre facilities	• Carry out the improvement work at the contact service centre at Kwun Tong

For the six months ending 31 December 2013

Setting up new contact service centres for capturing the demand from different market segments and more industry sectors	• Continue to operate the two additional contact service centres
Expanding and enhancing our contact centre system and software	• Finish developing social media features in WISE-xb System • Finish developing customer relationship management • Finish developing additional contact service centre analytical tools
Enhancing capabilities of existing contact service centre facilities	• Complete the improvement work at the contact service centre at Kwun Tong

BASES AND ASSUMPTIONS

The Directors have adopted the following principal assumptions in the preparation of the implementation plan up to 31 December 2013.

(a) there will be no material changes in the existing political, legal, fiscal or economic conditions in Hong Kong, and any other places in which any member of our Group carries on or will carry on business and provides or will provide contact services;

(b) there will be no material changes in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate or is incorporated;

(c) the Placing will be completed in accordance with and as described in the section headed "Structure and conditions of the Placing" to this prospectus;

(d) our Group is able to maintain its clients;

(e) our Group will be able to retain key staff in the management and the main operational departments;

(f) our Group will not be materially affected by any risk factors set out in the section headed "Risk factors" to this prospectus; and

(g) our Group will be able to continue its operation in substantially the same manner as it has been operating during the Track Record Period and our Group will also be able to carry out its development plans without disruptions adversely affecting its operations or business objectives in any way.

USE OF PROCEEDS

The net proceeds from the Placing, after deducting the related expenses, are estimated to be approximately HK$27.0 million (assuming the Offer Size Adjustment Option is not exercised). The Directors presently intend that the net proceeds will be applied as follows:

— approximately 52% of the net proceeds, or approximately HK$14 million, for setting up two new contact service centres with a total capacity of around 400 workstations for capturing additional contact service demand from existing and potential clients in the telecommunications, banking and financial services, and insurance industry sectors as well as other new market segments such as mandatory provident fund service and business continuity support service. The two new contact service centres will be located in Kowloon but the exact whereabouts of the same are yet to be determined and identified. Based on the cost of approximately HK$6.5 million for setting up one of our contact service centres with around 350 workstations in 2008 and the inflation factor, the Group estimated the total cost for the setting up of a new contact service centre is approximately HK$7.0 million which mainly comprises the costs for decoration, fitting out and purchase of hardware equipment and systems;

— approximately 28% of the net proceeds, or approximately HK$7.5 million, for expanding and enhancing our contact centre system and software with research and development projects. These shall include approximately HK$0.7 million in developing interactive voice and video response and video contact centre feature, approximately HK$0.5 million in workforce management, approximately HK$1.2 million in social media features, approximately HK$1.0 million in customer relationship management feature, approximately HK$1.1 million in call centre analytics development, and approximately HK$3.0 million to be spent on new contact service centre solution for supporting another brand of operating system;

— approximately 15% of the net proceeds, or approximately HK$4.0 million, for enhancing the capabilities of our existing contact service centre facilities which includes renovation to improve the physical conditions of some of our contact service centres, and to upgrade the contact centre system to the VoIP platform. It is estimated that approximately HK$2.0 million is required for enhancing each of the two contact service centres at Kowloon Bay and Kwun Tong (Camelpaint Building), among which approximately HK$1.0 million is for leasehold improvement work to renew and reinstate some facilities including air conditioning systems, lighting systems and power cabling, and the remaining HK$1.0 million is for the purchase/upgrade of system servers, personal computers and network equipments; and

— the balance of approximately 5% of the net proceeds, or approximately HK$1.5 million, for use as general working capital of our Group.

If the Offer Size Adjustment Option is exercised in full, the net proceeds will be increased by approximately HK$6.0 million. The Directors intend to apply such additional proceeds for the above purposes on a pro-rata basis.

In summary, the implementation of our Group's business objectives and strategies from the Latest Practicable Date to 31 December 2013 will be funded by the net proceeds from the Placing as follows:

	For the six months ending				
	30 June 2012	**31 December 2012**	**30 June 2013**	**31 December 2013**	**Total**
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Setting up new contact service centres for capturing the demand from different market segments and more industry sectors	7.0	7.0	0	0	14.0
Expanding and enhancing our contact centre system software	2.3	2.1	2.3	0.8	7.5
Enhancing capabilities of existing contact service centre facilities	1.0	1.0	1.0	1.0	4.0
Use as general working capital of our Group	1.5	0	0	0	1.5
	11.8	**10.1**	**3.3**	**1.8**	**27.0**

The Directors consider that the net proceeds from the Placing will be sufficient to finance our Group's business plans up to the year ending 31 December 2013.

To the extent that the net proceeds from the Placing are not immediately required for the above purposes, it is the present intention of the Directors that such net proceeds be placed on short-term interest bearing deposits with authorized financial institutions.

EXECUTIVE DIRECTORS

Mr. Ling Chiu Yum (凌炤鑫), aged 61, is an executive Director and honorary chairman of our Group. Mr. Ling is the co-founder of ETH and joined our Group since 12 July 1990 and is also a director of all the subsidiaries of the Company. He was appointed as an executive Director of the Company on 29 June 2011. Mr. Ling is responsible for the overall strategic planning and corporate policy making for the operational direction of our Group. Mr. Ling obtained from the University of California, Berkeley a degree in Bachelor of Science in Electrical Engineering and Computer Science in 1972 and a degree in Master of Science in Electrical Engineering and Computer Science in 1973. Before joining our Group, Mr. Ling worked as a system manager and engineer in Informatics Inc., a company based in the United States of America from 1977 to 1978 and as a Far East Software Manager in a company in Hong Kong from 1979 to 1985. Mr. Ling worked as a director of Epro Systems Limited from 1985 to 2000. Having worked in the area of computer engineering since 1977, Mr. Ling has comprehensive and extensive knowledge and experience in computer engineering.

Mr. Ling has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Mr. Wong Wai Hon Telly (黃偉漢), aged 50, is the co-founder of ELL, IBS and EML and joined our Group since 28 September 1989. Mr. Wong is an executive Director and the chairman of our Group and is also a director of all the subsidiaries of the Company. He was appointed as an executive Director of the Company on 29 June 2011. Mr. Wong is responsible for directing the whole business policy, strategic and business development of our Group. Mr. Wong holds a degree in Master of Business Administration in 2000 and a Diploma in Management in 1999 from the Asia International Open University (Macau). Mr. Wong has over 20 years of experience in the contact service industry. Before joining our Group, Mr. Wong was the Manager for Management Information System at a paging company in Hong Kong from 1982 to 1989.

Mr. Wong has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Ms. Chang Men Yee Carol (張敏儀), aged 48, is an executive Director and the Chief Executive Officer of our Group. Ms. Chang joined our Group in 1 January 1991 and is also a director of all the subsidiaries of the Company. She was appointed as an executive Director of the Company on 29 June 2011. Ms. Chang is responsible for the overall management, business and resources planning, operational administration, sales and marketing supervision, software operation and development of our Group. Ms. Chang holds a degree in Bachelor of Arts from The University of Texas at Austin in the United States of America in 1986. Before joining our Group, Ms. Chang worked as a programmer in Trinity Computing Systems Inc., a company based in the United States of America from 1987 to 1988 and as a software specialist at Epro Systems Limited in 1989.

Ms. Chang has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Mr. Suen Fuk Hoi (孫福開), aged 47, is the finance director of our Group. He was appointed as an executive Director of the Company on 21 December 2011. Mr. Suen joined our Group in 20 June 2003. Mr. Suen is responsible for financial planning and management of our Group. Mr. Suen holds a degree of Bachelor of Business Administration from The Open Learning Institute of Hong Kong (now known as The Open University of Hong Kong) in 1995. Mr. Suen has been a member of the Hong Kong Institute of Certified Public Accountants since January 1999 and has been also admitted as an associate of the Association of International Accountants since October 1998. Before joining our Group, Mr. Suen worked as assistant accountant in Laser Distributor Ltd. from 1987 to 1989, as accountant from 1989 to 1994, as accounting manager from 1995 to 2001 and as a finance manager in Teddy Bear Kingdom (HK) Limited, a company incorporated in Hong Kong from 2002 to 2003.

Mr. Suen has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Phung Nhuong Giang (馮潤江), aged 49, was appointed as an independent non-executive Director on 21 December 2011. Mr. Phung obtained a first class honors degree in Electrical Engineering from the University of Western Australia in 1987 and a Master of Business Administration from the University of Louisville, the United States of America in 1999. Mr. Phung has extensive knowledge and experience in the information and communication technologies (ICT) industry. Mr. Phung worked as a network specialist in Telstra Corporation Limited, an Australian telecommunications and media company in 1987, as a product manager in QPSX Communications Ltd, an Australian company in 1988 and as a chief technologist in Dimension Data (formerly known as Datacraft Asia), a company principally engaged in the provision and management of specialist IT infrastructure solutions from 1993 to 2001. Mr. Phung joined DMX Technologies Group Limited in April 2001, a company incorporated in Bermuda and is now a subsidiary of KDDI Corporation, a Japanese company principally engaged in telecommunication businesses. He served as the executive director and chief executive officer of DMX Technologies Group Limited and later resigned from the directorship and chief executive office in DMX Technologies Group Limited in 2006. Mr. Phung is the founder and currently the chief executive officer of Asia Media Systems Pte Ltd in Singapore since 2006.

Mr. Phung has been appointed as an independent non-executive director of Suntek Technology Co. Ltd. (600728.SS) since 2010, a company incorporated in China, whose shares are listed on the Shanghai Stock Exchange.

Mr. Wong Sik Kei (王錫基), aged 64, was appointed as an independent non-executive Director on 21 December 2011. Mr. SK Wong obtained a Bachelor of Science in Engineering from the University of Hong Kong in 1971. He also obtained a Master of Philosophy in 1977 and a Master of Social Sciences from the University of Hong Kong in 1980. Mr. SK Wong joined the Hong Kong Government as an Assistant Telecommunications Engineer in the Post Office in September 1974. He was promoted to Telecommunications Engineer in September 1978, to Senior Telecommunications Engineer in July 1980, to Chief Telecommunications Engineer in June 1984, and to Assistant Postmaster General in July 1988. In March 1994, he was appointed as Senior Assistant Director of Telecommunications in the Office of the Telecommunications Authority. Mr. SK Wong served as the director general of the Office of Telecommunications Authority ("OFTA") from 1997 to 2003. In 2003, Mr. SK Wong left the OFTA and became the Commissioner of the Innovation and Technology Department of the Hong Kong Government. Mr. SK Wong officially retired from the Hong Kong Government in 2007.

Mr. SK Wong has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Mr. Ngan Chi Keung (颜志强), aged 36, was appointed as an independent non-executive Director on 21 December 2011. Mr. Ngan obtained a bachelor degree in Business Administration in Accounting from the Hong Kong Baptist University in 1998. Mr. Ngan is a member of The Association of Chartered Certified Accountants since 2001 and a member of the Hong Kong Institute of Certified Public Accountants since 2002. He worked as an audit assistant in an accounting firm in Hong Kong in 1998 and was promoted to audit semi-senior in 2000 and as an accounts manager in a company in Hong Kong from 2000 to 2006. Mr. Ngan became the financial controller in Wing Hing International (Holdings) Limited (Stock Code: 621) listed on the Main Board from 2007 to 2010 and is currently the financial controller in W. Hing Construction Company Limited since 2007.

Mr. Ngan has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Save as disclosed above, there is no other matter that needs to be brought to the attention of the Board and Shareholders in connection with the above Directors and there is no information which is required to be disclosed pursuant to any of the requirements of GEM Listing Rules 17.50(2) (h) to (v).

The following table is a summary of the respective dates of joining our Group, dates of appointment as Director, positions and principal responsibilities of all Directors of the Company.

Name of Director	Date of Joining our Group	Date of Appointment as Director	Position	Principal Responsibilities
Mr. Ling Chiu Yum (淩炤鑫)	12 July 1990	29 June 2011	Executive Director	Overall strategic planning and corporate policy making for the operational direction of our Group.
Mr. Wong Wai Hon Telly (黃偉漢)	28 September 1989	29 June 2011	Executive Director	Directing the whole business policy, strategic and business development of our Group.
Ms. Chang Men Yee Carol (張敏儀)	1 January 1991	29 June 2011	Executive Director	Overall management, business and resources planning, operational administration, sales and marketing supervision, software operation and development of our Group.
Mr. Suen Fuk Hoi (孫福開)	20 June 2003	21 December 2011	Executive Director	Financial planning and managements of our Group.
Mr. Phung Nhuong Giang (馮潤江)	21 December 2011	21 December 2011	Independent Non-Executive Director	Supervision of management, participation in the direction of the Company's business and affairs, and ensure that interests of all shareholders are taken into account.
Mr. Wong Sik Kei (王錫基)	21 December 2011	21 December 2011	Independent Non-Executive Director	Supervision of management, participation in the direction of the Company's business and affairs, and ensure that interests of all shareholders are taken into account.
Mr. Ngan Chi Keung (顏志強)	21 December 2011	21 December 2011	Independent Non-Executive Director	Supervision of management, participation in the direction of the Company's business and affairs, and ensure that interests of all shareholders are taken into account.

SENIOR MANAGEMENT

Ms. Ting Yee Mei (丁綺薇), aged 50, joined our Group on 1 October 1990. She is the General Manager for Operation of our Group. Ms. Ting has more than 30 years of experience in operation management in the contact service industry. She was an operation manager in a paging company in Hong Kong from 1979 to 1990. Ms. Ting has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Mr. Yeung Tim Hee Tony (楊添喜), aged 51, joined our Group on 28 June 1999. He is the General Manager for Call Centre of our Group. Mr. Yeung has over 28 years of experience in the contact service centre industry and has extensive experience in the supervision of the operation of contact service centres since 1986. Mr. Yeung was employed by a telecommunications company in Hong Kong from 1981 to 1998 and worked within the customer front office which is responsible for call centre requirements of such company. Mr. Yeung was the resources planning analyst when he left such telecommunications company in 1998. Mr. Yeung has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Mr. Yu Yeuk Sze (余若詩), aged 45, joined our Group on 23 January 2003. He is the General Manager for Information Technology of our Group. Mr. Yu graduated with a degree in Bachelor of Science in Information Technology from the City Polytechnic of Hong Kong (now known as City University of Hong Kong) in 1991. He was designated as a Project Management Professional by the Project Management Institute, an institute operated in the United States of America from 2005 to 2009. Prior to joining our Group, Mr. Yu worked as an analyst programmer in Mass Transit Railway Corporation from 1993 to 1999 and worked as a project manager from 2000 to 2002 in Dynegy Asia Communications Limited. Mr. Yu has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Mr. Cheung Chi Tat (張志達), aged 48, joined our Group on 20 August 1990. He is the Software Development Manager of our Group. Mr. Cheung obtained a Higher Diploma in Electronic Engineering from The Hong Kong Polytechnic (now known as "The Hong Kong Polytechnic University") in 1986 and possesses over 24 years of experience in electronic engineering. Mr. Cheung was employed by a company in Hong Kong in the engineering department as electronics engineer in 1987 and was promoted to senior electronics engineer (software) in 1988. From 1988 to 1990, Mr. Cheung joined a paging company in Hong Kong and worked as an electronic engineer in its R & D department. Mr. Cheung has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Ms. Yung Kwan Yee (容坤儀), aged 41, joined our Group on 3 September 2001. She is the Corporate Division Manager of our Group. Ms. Yung obtained a degree in Bachelor of Arts from York University in Canada in 1996. Before joining our Group, Ms. Yung joined a telecommunications company in Hong Kong as customer service representative in 1997 and was appointed assistant care centre officer in 1998. She was the sales and marketing support executive in teleservices when she left the telecommunications company in 2001. Ms. Yung has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Ms. Chan Yin Ming (陳燕鳴), aged 38, joined our Group on 20 April 2004. She is the Assistant Finance Manager of our Group. Ms. Chan graduated with a degree in Bachelor of Business Administration in 1998 from Simon Fraser University in Canada. Ms. Chan has been a member of the Hong Kong Institute of Certified Public Accountants since 2007 and was also admitted as a member of the Association of Chartered Certified Accountants in 2006. Before joining our Group, Ms. Chan worked as an assistant accountant in ASAT Ltd. from April 1998 to August 1998 and worked as a senior accounts clerk in William E. Connor & Associates Ltd. from November 1998 to September 1999. Ms. Chan was an assistant accountant in Wenz Apparel Trading Co. a company in Hong Kong from 2000 to 2004. Ms. Chan has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Ms. Chan Hing Sun Fanny (陳馨璇), aged 30, joined our Group on 10 April 2007. She is the Marketing Manager of our Group. Ms. Chan obtained a degree in Bachelor of Social Sciences from The University of Hong Kong in 2003 and was awarded a Professional Diploma in Management and Marketing for Business Events jointly by the Hong Kong Exhibition and Convention Industry Association and the Hong Kong Productivity Council in 2005. Prior to joining our Group, Ms. Chan worked as a project executive in Gene Company Limited from 2003 to 2005 and worked as a market development executive with Ki Fung Advertising Co., Ltd, an advertising company from 2006 to 2007. Ms. Chan has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

Mr. Siu Man On (蕭文安), aged 32, joined our Group on 2 March 2009. He is the Assistant Manager for Internal Control of our Group. Mr. Siu obtained a degree in Bachelor of Commerce from Deakin University in Australia in 2003. Mr. Siu has been a member of Certified Practising Accountant Australia since August 2007 and a member of The Hong Kong Institute of Certified Public Accountants since September 2008. Before joining our Group, Mr. Siu worked as an audit clerk in YM Hui Wong & Co, an accounting firm from 2003 to 2005 and worked as an audit accountant in RSM Nelson Wheeler, an accounting firm in Hong Kong from 2006 to 2007. Mr. Siu has not been a director of any publicly listed company during the 3 years immediately preceding the date of this prospectus.

The following table is a summary of the respective dates of joining our Group and responsibilities of all members of senior management of the Company.

Name of Senior Management Staff	Date of Joining our Group	Responsibilities
Ms. Ting Yee Mei (丁綺薇)	1 October 1990	General Manager for Operation of our Group. Responsibilities include managing and overseeing the operation and human resources policy of the Operation Department of our Group.
Mr. Yeung Tim Hee Tony (楊添喜)	28 June 1999	General Manager for Call Centre of our Group. Responsibilities include managing the contact service business and operation of our Group.
Mr. Yu Yeuk Sze (余若詩)	23 January 2003	General Manager of Information Technology of our Group. Responsibilities include planning and managing the information technology system and policy of our Group and coordinating with clients on all technical issues.
Mr. Cheung Chi Tat (張志達)	20 August 1990	Software Development Manager of our Group. Responsibilities include managing and planning the overall software system research and development strategy and direction of our Group.
Ms. Yung Kwan Yee (容坤儀)	3 September 2001	Corporate Division Manager of our Group. Responsibilities include developing new business and managing client relationship for our Group.
Ms. Chan Yin Ming (陳燕鳴)	20 April 2004	Assistant Finance Manager of our Group. Responsibilities include supervising and handling finance and accounting work of our Group.
Ms. Chan Hing Sun Fanny (陳馨璇)	10 April 2007	Marketing Manager of our Group. Responsibilities include managing the corporate marketing and communication of our Group.
Mr. Siu Man On (蕭文安)	2 March 2009	Assistant Manager for Internal Control of our Group. Responsibilities include monitoring, testing and reviewing our Group's internal control system.

COMPANY SECRETARY

Mr. Suen Fuk Hoi is the company secretary of the Company, whose brief biographic details are set out above in the paragraph headed "Executive Directors" in this section.

AUDIT COMMITTEE

The Company established an audit committee on 21 December 2011 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraph C.3 of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The members of the audit committee comprise Mr. Ngan Chi Keung, Mr. Wong Sik Kei and Mr. Phung Nhuong Giang, all of whom are independent non-executive Directors. The chairman of the audit committee is Mr. Ngan Chi Keung. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and related materials and provide advice in respect of the financial reporting process and oversee the internal control procedures of our Group.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 21 December 2011 with written terms of reference in compliance with paragraph B.1.1 of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The members of the remuneration committee comprise Mr. Ngan Chi Keung, Mr. Wong Sik Kei, Mr. Wong Wai Hon Telly and Mr. Phung Nhuong Giang. The chairman of the remuneration committee is Mr. Phung Nhuong Giang. The primary duties of the remuneration committee are mainly to make recommendations to the Board on the overall remuneration policy and structure relating to the Directors and senior management of our Group, review and evaluate their performance in order to make recommendations on the remuneration package of each of the Directors and senior management personnel as well as other employee benefit arrangements.

COMPLIANCE ADVISER

The Company considers to appoint Mizuho Securities Asia Limited as its compliance adviser in accordance with Rule 6A.19 of the GEM Listing Rules from the Listing Date. The compliance adviser will advise the Company on on-going compliance requirements and other issues under the GEM Listing Rules and other applicable laws and regulations in Hong Kong after the Listing.

Mizuho Securities Asia Limited does not have any shareholding interest in the Company nor any right to subscribe for or to nominate any person to subscribe for shares in the Company or any member of our Group.

The material terms of the compliance adviser agreement between the Company and the compliance adviser are as follows:

(a) the compliance adviser's appointment for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date (which, for the avoidance of doubt, shall mean the financial year ending 31 December 2014) or until termination of the compliance adviser agreement as provided therein (key termination clauses in the compliance adviser agreement are the termination by the Company in the event of work of unacceptable standard on the part of the compliance adviser or if there is material dispute over fees, and the termination by the compliance adviser upon the serving of notice to the Company);

(b) the compliance adviser shall advise the Company in the following circumstances; and

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;

(3) where our Company proposes to use the proceeds of the Placing in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

(c) the Company agrees to indemnify the compliance adviser (for itself and on trust for its affiliates, its and their respective directors, officers, agents and employees and each other person, if any, controlling the compliance adviser or any of its affiliates) (the "Related Parties") (the compliance adviser and each such Related Party being an "Indemnified Person") against all actions, claims (whether or not any such claim involves or results in any actions or proceedings) and proceedings from time to time made (together the "Actions") against, and all losses and damage suffered and all payments, costs, expenses and legal fees made or incurred (including, without limitation, all payments, costs, expenses and legal fees made or incurred arising out of or in connection with the investigation, preparation, defence and/or settlement of any Actions or the enforcement of any such settlement or any judgment obtained in respect of any Actions) (individually, a "Loss", and together, the "Losses") by any Indemnified Person (with such amount of indemnity to be paid to the compliance adviser to cover all the Actions against and Losses incurred by the compliance adviser and its Related Parties) arising out of or in connection with:

(i) the performance by the compliance adviser of its duties under the compliance adviser agreement; or

(ii) any breach or alleged breach on the part of the Company of any of the provisions of the compliance adviser agreement,

provided that this indemnity shall not apply to any Action or Loss which is finally judicially determined to have been caused solely by the wilful default, fraud or gross negligence on the part of such Indemnified Person; and any settlement or compromise of any Action or Loss by such compliance adviser or any other Indemnified Person shall be made without prejudice to any Action which any other Indemnified Person may have or make against the Company under this clause or otherwise under the compliance adviser agreement.

COMPLIANCE OFFICER

Ms. Chang Men Yee Carol, an executive Director, is also the compliance officer of the Company. She holds Bachelor of Arts degree from the University of Texas at Austin, USA.

STAFF OF OUR GROUP

Overview of the staff of our Group

As of Latest Practicable Date, we had a total of 1,059 employees, 937 are employed on full time basis, 122 are employed on part time basis. The following table shows a breakdown of our employees as at the Latest Practicable Date by their functions:—

Functions	As at the Latest Practicable Date	
	Part-time	Full-time
Human Resources and administration	2	18
Financial	0	6
Business & Marketing	0	4
Contact service centre operation	120	885
Information technology	0	14
Research and development	0	8
Internal Control	0	2

Staff Relations

The Company has maintained good relationship with its staff and has not encountered any major difficulties in its recruitment and retention of experienced employees. There was no material interruption or disruption of its business operations due to labour disputes in the past.

Share Option Scheme

The Company has conditionally adopted the Share Option Scheme on 21 December 2011 under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe for the new Shares. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" in the section headed "Other Information" in Appendix V to this prospectus.

Applicable Labour Laws and Regulations and Benefits

The Directors confirm that our Group has complied with the applicable Hong Kong labour laws during the Track Record Period and as at the Latest Practicable Date.

Our Group has participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). All requisite contributions had been paid by our Group in accordance with the aforesaid law as at the Latest Practicable Date.

Our Group has also taken out insurance policies to cover their liabilities under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and under the common law for the work injuries of its employees.

SHAREHOLDING STRUCTURE

Set out below are the respective shareholding structures of the Company immediately before and after completion of the Placing and the Capitalization Issue but without taking into account any new Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and of any options granted under the Share Option Scheme:

Name	Date on which shareholding interest in our Group was first acquired	Number of Shares held immediately before the completion of the Placing and the Capitalization Issue	Percentage of shareholding in the Company immediately before the completion of the Placing and the Capitalization Issue	Number of Shares to be held immediately after the completion of the Placing and the Capitalization Issue	Percentage of shareholding in the Company immediately after the completion of the Placing and the Capitalization Issue
Excel Deal *(Note 1)*	16 December 2011	2	100%	210,000,000	75%
Public *(Note 2)*	N/A	N/A	N/A	70,000,000	25%

Notes:

1. Excel Deal, a company incorporated in the BVI and an investment holding company, is beneficially owned as to 47% by Mr. Wong, 46% by Mr. Ling, 5% by Ms. Chang and 2% by Ms. Ting respectively.

2. 70,000,000 Placing Shares being offered for subscription by the Company.

CONTROLLING SHAREHOLDERS

So far as the Directors are aware, immediately following completion of the Placing and the Capitalization Issue (but without taking into account any new Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and of any options granted or to be granted under the Share Option Scheme), the following persons individually and/or collectively are entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of the Company.

Name	Capacity and nature of interests	Number of Shares held or amount of registered capital contributed	Percentage of shareholding (assuming no exercise of the Offer Size Adjustment Option and of the options to be granted under the Share Option Scheme)
Excel Deal *(Note 2)*	Beneficial owner	210,000,000(L)[1]	75%
Mr. Wong *(Notes 2 & 3)*	Interest of controlled corporation	98,700,000(L)[1]	35.25%
Mr. Ling *(Notes 2 & 3)*	Interest of controlled corporation	96,600,000(L)[1]	34.50%
Ms. Chang *(Notes 2 & 3)*	Interest of controlled corporation	10,500,000(L)[1]	3.75%
Ms. Ting *(Notes 2& 3)*	Interest of controlled corporation	4,200,000(L)[1]	1.50%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the relevant member of our Group.

2. Excel Deal, a company incorporated in the BVI and an investment holding company, is beneficially owned as to 47% by Mr. Wong, 46% by Mr. Ling, 5% by Ms. Chang and 2% by Ms. Ting respectively.

3. Mr. Wong, Mr. Ling. Ms. Chang and Ms. Ting are deemed to be interested in the Shares held by Excel Deal under the SFO in their respective proportions and are together Controlling Shareholders as being parties acting in concert.

SUBSTANTIAL SHAREHOLDERS

The Directors confirm that, immediately following the completion of the Placing and the Capitalization Issue but without taking into account any new Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and of any options granted or to be granted under the Share Option Scheme, the following persons/entities will have interests and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Capacity and nature of interests	Number of Shares held or amount of registered capital contributed	Percentage of shareholding (assuming no exercise of the Offer Size Adjustment Option and of any options granted or to be granted under the Share Option Scheme)
Excel Deal *(Note 2)*	Beneficial owner	210,000,000(L)[(1)]	75%
Mr. Wong *(Note 3)*	Interest of controlled corporation	98,700,000(L)[(1)]	35.25%
Mr. Ling *(Note 3)*	Interest of controlled corporation	96,600,000(L)[(1)]	34.50%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the relevant member of our Group.

2. Excel Deal, a company incorporated in the BVI and an investment holding company, is beneficially owned as to 47% by Mr. Wong, 46% by Mr. Ling, 5% by Ms. Chang and 2% by Ms. Ting respectively.

3. Mr. Wong and Mr. Ling are deemed to be interested in the Shares held by Excel Deal under the SFO in their respective proportions.

SIGNIFICANT SHAREHOLDERS

So far as our Directors are aware, save for the persons disclosed under the paragraph headed "Substantial Shareholders" in this section above and as might be disclosed in the allotment announcement of the Company regarding the Placing, there are no other persons who will immediately following completion of the Placing and the Capitalization Issue (without taking into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and of any options granted or to be granted under the Share Option Scheme) be directly or indirectly interested in 5% or more of the voting power at the general meetings of our Company and are therefore regarded as significant shareholders of our Company under the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors confirm that there is no competing business between our Group and the Directors. Our Group is considered independent from the Controlling Shareholders in terms of financial position, operations and management in all material respects for the reasons as stated below.

Financial Independence

Personal guarantees were provided by Mr. Ling and Mr. Wong, both Controlling Shareholders and executive Directors of our Company for securing banking facilities and factoring facilities for our Group, which amounted to approximately HK$36,730,000, HK$42,598,000 and HK$39,522,000 during each of the two years ended 31 December 2010 and the six months ended 30 June 2011 respectively. Such personal guarantees would be released upon the Listing.

Our Group has an independent financial system and makes commercial decisions on financial arrangements according to our business needs. The Directors believe that with an enhanced profile after the Listing, the Group is capable of obtaining financing after the Listing from Independent Third Parties, if necessary, without reliance on the Controlling Shareholders. As at the Latest Practicable Date, all the balances due to or from the Controlling Shareholders have been settled before Listing.

Operational Independence

We operate through a clear organizational structure with a number of individual departments each of which has specific duties and responsibilities in designated areas of work in the context of our Group's principal business and operating activities. Our Group has its own client base, independent source of and access to suppliers and customers, who are all Independent Third Parties. Our Group's business is conducted independently of the Controlling Shareholders and our Group's operation is effected without any reliance nor any need to rely on the Controlling Shareholders.

The Directors consider that upon Listing, our Group will be able to operate independently from Mr. Wong and Mr. Ling and their respective associates. It is evidenced by the fact that, apart from Mr. Wong and Mr. Ling, being executive Directors, our Group has a full team of senior management staff independent from Mr. Wong and Mr. Ling and their respective associates. Further, our Group has independent access to our customer base and all our existing customers are Independent Third Parties.

Management Independence

The Board

Our Group has adopted certain corporate governance measures to ensure that our Group operates independently from the Controlling Shareholders. Our Group comprises seven Directors including four executive Directors, namely, Mr. Ling, Mr. Wong, Ms. Chang and Mr. Suen, and three independent non-executive Directors, namely, Mr. Phung, Mr. SK Wong and Mr. Ngan.

Details of our Directors are set out in the section headed "Directors, senior management and staff" in this prospectus.

In the event that any conflict of interest may occur in respect of any of our Director acting in such capacity, or should any of our Directors find himself/herself or consider himself/herself to be in a situation in which there may be conflict of interest or conflict of interest may arise, in the particular context of having to decide whether to approve a proposed transaction, the Director shall act according to the Articles and applicable law and, as such, shall declare his/her interest in the matter and be absent from the Board meeting or, if allowed to be present at the Board meeting at the request of majority of independent non-executive Directors, shall not be counted in the quorum and shall abstain from voting on the resolution(s) that are proposed to approve the proposed transaction in question.

According to the service contracts entered into between our Company and our executive Directors, our executive Directors have undertaken to our Group, among other things, that he/she will not (i) without the prior written consent of our Company, either on his/her own account or for any other person, firm, company or organization, during the term and continuance of, and a period of one year after the date of termination of, his/her service agreement, be directly or indirectly employed, engaged or concerned in any business in Hong Kong which competes, directly or indirectly, in any respect with the business carried on by our Group at any time during the term and continuance of or for a period of one year after the date of termination of, his/her employment; and (ii) during the term and continuance of, and for a period of one year after the date of termination of, his/her employment, either on his/her own account or for any person, firm, company or organization in Hong Kong solicit, interfere or entice or endeavour to solicit, interfere or entice away any person, firm, company or organization who have been a client, supplier, employee or customer of or in the habit of dealing with our Group during the period of one year preceding the date of termination of his/her service agreement and/or employment.

Committees

Our Group has established (i) the audit committee, comprised entirely of independent non-executive Directors and (ii) the remuneration committee, consisting of a majority of independent non-executive Directors, to monitor our business and financial operation.

The audit committee is mainly responsible for making recommendations to the Board with respect to the appointment and removal of external auditors, reviewing financial statements and advising on the financial reporting process and overseeing the internal control procedures of our Group. The remuneration committee is mainly responsible for making recommendations to the Board with regard to our Group's remuneration policy relating to Directors and senior management, reviewing and evaluating their performance and recommending remuneration package for each of them as well as other employee benefit arrangements.

UNDERTAKINGS

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to and covenanted with the Company, the Sole Sponsor, the Sole Bookrunner and the Stock Exchange that:

(a) in the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is 6 months from the Listing Date (the "**First 6-Months Period**"), it/he/she shall not and shall procure that the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it/he/she is shown by this prospectus to be the beneficial owner;

(b) in the period of 6 months commencing on the date immediately following the date on which the First 6-Months Period expires, it/he/she shall not and shall procure that the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he/she would, either individually or taken together with the others of them, cease to be a Controlling Shareholder.

Each of the Controlling Shareholders has also undertaken to and covenanted with the Company, the Sole Sponsor and the Sole Bookrunner and the Stock Exchange that:

(i) in the event that it/he/she pledges or charges any of its/his/her direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant periods specified in paragraphs (a) and (b) above, it/he/she must inform the Company and the Sole Bookrunner immediately thereafter, disclosing the details as specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(ii) having pledged or charged any of its/his/her interests in the Shares under paragraph (i) above, it/he/she must inform the Company and the Sole Bookrunner immediately in the event that it/he/she becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares so affected.

The Company has undertaken to and covenanted with the Sole Sponsor and the Sole Bookrunner, and each of the Controlling Shareholders and the executive Directors jointly and severally has undertaken to and covenanted with the Sole Sponsor and the Sole Bookrunner to procure that, save with the prior written consent of the Sole Bookrunner (such consent not to be denied or unreasonably withheld or delayed) and in compliance with the GEM Listing Rules and the applicable laws or save pursuant to the Placing, the Capitalization Issue, the issue of Shares upon exercise of the Offer Size Adjustment Option, the grant of any option under the Share Option Scheme, the issue of Shares upon exercise of any option granted under the Share Option Scheme, any consolidation, sub-division or capital reduction of Shares or by way of scrip dividend scheme or other similar schemes in accordance with the Articles and the GEM Listing Rules or otherwise approved by the Stock Exchange, the Company will not, within six months from the Listing Date (a) save as permitted under the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules) and the applicable laws or regulations, allot or issue or agree to allot or issue any Shares or any other securities of the Company (including warrants or other convertible securities (and whether or not of a class already listed)) or grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for, or otherwise convert into, or exchange for, any Shares or any other securities of the Company, and (b) purchase any Shares or any other securities of the Company.

DEED OF NON-COMPETITION

In order to further delineate the business between the Group and Guangzhou Epro and to protect the Group's interest in its current activities, each of Mr. Wong, Mr. Ling, Ms. Chang, Ms. Ting and Excel Deal as covenantors (the "**Covenantors**" and each a "**Covenantor**") entered into a deed of non-competition in favour of the Company dated 21 December 2011 (the "**Deed of Non-competition**"), pursuant to which each of the Covenantors has undertaken to the Company (for itself and for the benefit of its subsidiaries) that during the continuation of the Deed of Non-competition, each of the Covenantors shall not, and shall procure each of his/her/its associates and/or companies controlled by he/she/it, whether on his/her/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, which carries on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to outsourcing inbound contact centre service, outsourcing outbound contact centre service, staff insourcing service or secondment service and contact service centre facilities management service) in Hong Kong (the "**Restricted Business**"). Each of the Covenantors has represented and warranted to the Company that neither he/she/it nor any of his/her/its associates is currently interested, involved or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business otherwise than through our Group.

Pursuant to the Deed of Non-competition, each of the Covenantors has also undertaken that if each of the Covenantors and/or any of his/her/its associates is offered or becomes aware of any project or new business opportunity ("**New Business Opportunity**") that relates to the Restricted Business, whether directly or indirectly, he/she/it shall (i) first offer such New Business Opportunity to our Group promptly within 7 Business Days in writing of such opportunity and provide such information as is reasonably required by the Company in order to enable the Company to come to an informed assessment of such opportunity; and (ii) use his/her/its best endeavours to procure that such opportunity is offered to the Company on terms no less favourable than the terms on which such opportunity is offered to him/her/it and/or his/her/its associates.

The Board will form a committee comprising non-conflicted Directors so as to maximise the independent constituent of the committee, which can, in terms, effectively exercise independent judgment to review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within twenty (20) Business Days (the "**20-day Offering Period**") of receipt of notice from the Covenantors, the Covenantors and/or his/her/its associates shall be permitted to invest in or participate in the New Business Opportunity on his/her/its own accord. With respect to the 20-day Offering Period, the Directors consider that such period is adequate for the Company to assess any New Business Opportunity. In order to ensure that the Company has adequate time to assess some complicated business opportunities, the Covenantors agree to extend the 20-day Offering Period to an indefinite period and without time limit if the Company or the independent non-executive Directors require so by giving a written notice to the Covenantors within the 20-day Offering Period. Even if the committee comprising non-conflicted Directors decided not to take the New Business Opportunity, the Covenantors will use his/her/its best endeavours to procure each of his/her/its associates and/or companies controlled by him/her/it not to take the New Business Opportunity as well.

In addition, upon Listing, each of the Covenantors has also undertaken:

(i) in favour of the Company to provide the Company and the Directors (including the independent non-executive Directors) with all information necessary for the annual review by the independent non-executive Directors with regard to compliance of the terms of the Deed of Non-competition and the enforcement of the non-competition undertakings in the Deed of Non-competition;

(ii) to provide to the Company, after the end of each financial year of the Company, a declaration made by each of the Covenantors which shall state whether or not the Covenantors have during that financial year complied with the terms of the Deed of Non-competition, and if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the annual report of the Company for the relevant financial year and such annual declaration shall be consistent with the principles of making voluntary disclosures in the corporate governance report; and

(iii) to allow the Directors (including the independent non-executive Directors), their respective representatives and the auditors to have sufficient access to his/her/its records and the records of his/her/its associates to ensure his/her/its compliance with the terms and conditions under the Deed of Non-competition.

Further, each of the Covenantors has undertaken that during the period in which he/she/it and/or his/her/its associates, individually or taken as a whole, remains as a Controlling Shareholder:

(i) he/she/it will not invest or participate in any project or business opportunity that competes or may compete, directly or indirectly, with the Restricted Business and business activities engaged by our Group from time to time unless pursuant to the provisions stipulated in the Deed of Non-competition;

(ii) he/she/it will not solicit any existing or then existing employee of our Group for employment by him/her/it or his/her/its associates (excluding our Group);

(iii) he/she/it will not without the consent from the Company, make use of any information pertaining to the business of our Group which may have come to his/her/its knowledge in his/her/its capacity as the Controlling Shareholder for any purposes; and

(iv) he/she/it will procure his/her/its associates (excluding our Group) not to invest or participate in any project or business opportunity mentioned above unless pursuant to the provisions stipulated in the Deed of Non-competition.

The Deed of Non-competition will take effect upon Listing and shall expire on the earlier of:

(i) the day on which the Shares cease to be listed on the GEM or other recognized stock exchange; or

(ii) the day on which the Covenantors and his/her/its associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of the Company directly or indirectly or cease to be deemed as Controlling Shareholder and do not have power to control the Board or there is at least one other independent Shareholder other than the Covenantors and his/her/its respective associates holding more Shares than the Covenantors and his/her/its respective associates taken together.

In order to strengthen the corporate governance in respect of the existing and potential conflict of interests between our Group and the Covenantors, upon Listing:

(i) the Company shall disclose in the annual reports the compliance and enforcement of the undertakings by the Covenantors in respect of the Deed of Non-competition and the appropriate action to be taken by the Company;

(ii) the Company shall disclose decision on matters reviewed by the independent non-executive Directors in relation to the compliance and enforcement of the arrangement of the New Business Opportunity in the annual reports based on the following factors:

    (i) whether the New Business Opportunity is in line with the business development strategy of the Group;

    (ii) whether the plan and development of the New Business Opportunity are compatible within the business focus of the Group;

    (iii) the operating history, feasibility and compliance issues of the New Business Opportunity;

    (iv) whether the terms offered are fair and reasonable by reference to the market conditions at the relevant time;

    (v) the impact of pursuing the New Business Opportunity on earnings and liabilities of the Group;

    (vi) the extent of the management and control over the New Business Opportunity; and

    (vii) whether the New Business Opportunity is a business in competition with the Group and the effect on the Group if not pursuing the New Business Opportunity.

(iii) the Board will ensure reporting any event relating to potential conflict of interests to the independent non-executive Directors as soon as reasonably practicable when it realizes or suspects any event relating to potential conflict of interests may occur during the daily operations;

(iv) following the reporting of any event relating to potential conflict of interests, the Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the GEM Listing Rules in order to monitor any irregular business activities and alert the Board, including the independent non-executive Directors, to take any precautious actions; and

(v) in the event that there is any potential conflict of interests relating to the business of our Group between our Group and the Controlling Shareholders, the interested Directors, or as the case may be, the Controlling Shareholders would, according to the Articles or the GEM Listing Rules, be required to declare his/her/its interests and abstain from participating the relevant Board meeting other than their attendance are requested by majority of independent non-executive Directors.

INTEREST OF CONTROLLING SHAREHOLDERS IN OTHER CONTACT SERVICES RELATED BUSINESS

Certain members of the management of our Group hold controlling interest in a company, namely Guangzhou Epro which was incorporated in the PRC and operates in the similar industry of contact services with their geographical market in the PRC. Guangzhou Epro is owned as to 60% by Epro Techsoft and as to 40% by an Independent Third Party. Epro Techsoft is owned by four members of the management as described below.

Guangzhou Epro was established on 22 December 2009 and was acquired by EGIL on 18 November 2010 and is principally engaged in the provision of contact services in the PRC with the objective of giving preference to disabled job applicants over non-disabled job applicants by virtue of the background for the granting of its 增值電信業務經營許可証 (PRC value-added telecommunications business permit*) on 18 March 2010. It is operating in a socially responsible manner in accordance with sound commercial principles by offering preferential employment opportunities to disabled persons as contact service staff. Guangzhou Epro started to operate its first Provincial Level "Disabled Person Contact Services Centre" in Nansha, the Guangdong Province, the PRC. It undertakes the Guangdong Disabled Persons Services Hotline to provide integrated telephone hotline services for all disabled persons and enterprises in Guangdong. Currently, the disabled employees of Guangzhou Epro has contributed to 57% of its operational workforce and Guangzhou Epro has therefore attained 社會福利企業証書 (Certificate of Social Welfare Enterprise*) from the ministry of Civil Affairs of the PRC on 14 June 2011. To the best of our Directors' knowledge, as at the Latest Practicable Date, Guangzhou Epro has no current expansion plan.

Independence of operations

The business of our Group and Guangzhou Epro shall be clearly delineated pursuant to the Deed of Non-competition, where the Covenantors have given a non-competition undertaking that they will not, and procure Guangzhou Epro not to, directly or indirectly engage in any business in Hong Kong which is in competition with our Group after the Listing. Pursuant to the Deed of Non-competition, the Covenantors are restricted to enter into contracts with Hong Kong clients before first referring them to the Group and the Covenantors can only enter into such contract after the Group exercises its right of first refusal not to take up the New Business Opportunity, details of which are set out in the paragraph headed "Deed of Non-Competition" in the section headed "Controlling Shareholders, Substantial Shareholders and Significant Shareholders" of this Prospectus. The Board is satisfied that our Group has full rights to make decisions on and to carry on its own business operations independently from Guangzhou Epro in accordance with the GEM Listing Rules after the Listing. Guangzhou Epro is currently using the WISE-xb System licensed from the Group since November 2010. Further details of the license agreement are set out in the section headed "Connected transactions" of this Prospectus. The WISE-xb System used by Guangzhou Epro is different from that used by our Group as it is specially designed for Guangzhou Epro to support simplified Chinese characters and to allow contact services staff to access the WISE-xb System by way of VoIP.

Independence of sales and procurement

During the Track Record Period, there was no common clients and supplier between the Group and Guangzhou Epro. The Group has its own access to clients and suppliers independently from Guangzhou Epro and the Directors confirmed that each client and supplier contract of our Group is negotiated separately and independently by different staff members without coordination and interconditions.

Independence of management

Guangzhou Epro was established in the PRC on 22 December 2009 and was acquired by EGIL in November 2010. Up to the Latest Practicable Date, Guangzhou Epro has only been operating a call centre which is located at Nansha, the Guangdong Province, the PRC. As at the Latest Practicable Date, it had 86 workstations and 81 employees. Ms. Poon Mei Wai Joyce, 孫輝民, 郭莉萍 and Mr. Ng Wing Hon Tony are the board members of Guangzhou Epro of which Ms. Poon Mei Wai Joyce and Mr. Ng Wing Hon Tony are responsible for its day-to-day management. 孫輝民 and 郭莉萍 are the representatives from the 40% joint venture partners of Guangzhou Epro. Together with the other two directors, they are responsible for the formulation of strategic directions and future development of Guangzhou Epro. All of the abovenamed are Independent Third Parties who do not hold any other position in our Group.

The following table set outs the financial performance of Guangzhou Epro for the year ended 31 December 2010 and six months ended 30 June 2011 based on its audited financial statements and management accounts respectively:

	For the year ended 31 December 2010	**For the six months ended 30 June 2011**
	RMB'000	*RMB'000*
	(audited)	(unaudited)
Revenue	82	92
Gross Profit	63	(0)
Net profit/(loss) after tax	(1,093)	(1,494)
Operating cashflow before change on working capital and tax paid *(Note)*	(1,096)	(1,107)
Total assets	4,628	9,492
Net assets	3,915	7,422

Note: Such amounts were derived from the audited financial statements for the year ended 31 December 2010 and the unaudited financial statements for the six months ended 30 June 2011 respectively.

According to the audited financial statements of Guangzhou Epro for the year ended 31 December 2010 and its unaudited management accounts for the six months ended 30 June 2011 prepared in accordance with the generally accepted accounting standards and principles in the PRC, the operating cash outflows before changes in working capital and tax paid of Guangzhou Epro were approximately RMB1,096,000 and RMB1,107,000, respectively for the year ended 31 December 2010 and the six months ended 30 June 2011 respectively.

The management of Guangzhou Epro is independent of our Group. As at the Latest Practicable Date, there is no overlap between the directors and senior management team of our Group and that of Guangzhou Epro.

Different geographical markets and clients

With a focus on the PRC contact centre market, Guangzhou Epro has been engaged in providing contact centre services within the PRC only and in particular, it mainly focuses on government departments, statutory bodies and public authorities based in Guangdong Province while our Group has been providing multi-media contact services in Hong Kong. Furthermore, due to the different geographical markets and target clients, our Group and Guangzhou Epro adopted different sales and marketing strategies for its services. Given that Guangzhou Epro is established for the purposes of offering preferential employment opportunities to disabled persons as well as providing services to disabled persons, most of its current or previous clients were the united group members of Guangdong Disable Persons' Federation, a semi-government body ratified by the provincial government. For details in relation to the sales and marketing channels of our Group, please refer to the section headed "Business" of this Prospectus.

All of the clients of Guangzhou Epro are located in the PRC and since its establishment in December 2009, there have been no common clients between our Group and Guangzhou Epro. The Directors are of the view that the business of Guangzhou Epro does not, and is unlikely to, compete directly with our Group's business as there is a clear delineation of the geographical markets and clients between our Group and Guanghzou Epro.

Guangzhou Epro has no current intention and plan to expand its business into the Hong Kong market. In the event that any of the Covenantor's business is in competition with the Group's business, pursuant to the Deed of Non-competition, such Covenantors shall put the Group's interests as the first priority, and must refer the New Business Opportunity to the Group within 7 Business Days in writing and to provide such information as is reasonably required by the Company to come to an informed assessment of the New Business Opportunity. For details of the arrangements under the Deed of Non-competition, please refer to the paragraph headed "Deed of Non-competition" under the section headed "Controlling Shareholders, Substantial Shareholders and Significant Shareholders" in this prospectus. On the basis of its businesses and operations, and the Deed of Non-Competition, the Directors consider that Guangzhou Epro did not and will not pose any direct competition to our Group in the past, at the present and in the future. At present, the Group derives all its revenue in the Hong Kong market. Our Group has no current intention and plan to expand our business outside Hong Kong and our Group has no option or intention to acquire Guangzhou Epro in near term. In the event that the Group decides to expand into the PRC market in the future, the Group will adopt the following measures (in addition to the non-competition arrangements) to manage any competing interest and conflict of interest arising from the competing business of the Controlling Shareholders and to safeguard the interests of the Shareholders and our Group:

(a) our independent non-executive Directors will review, at least on an annual basis, the compliance with the undertaking given by the Controlling Shareholders under the Deed of Non-competition;

(b) the Controlling Shareholders will make an annual declaration in relation to compliance with the Deed of Non-competition in the annual reports of the Company; and

(c) the Board (including the independent non-executive Directors) shall review, at least on an annual basis, the future plans and strategies of the Group in its expansion plans in the PRC market and the then operations and scale of the related businesses of the Controlling Shareholders and any Board members and any of their respective associates, and form a recommendation on how to avoid any competing interest and/or conflict of interest situation, including consideration of the sale of any related businesses by the Controlling Shareholders to the Group or Independent Third Parties if it is considered that the competing interest and/or conflict of interest situation is serious.

According to the Articles of Association, in the event that there is a potential competition and/or conflict of interest arising out of any transaction to be entered into between the Group and the Directors or their respective associates, the interested Director(s) shall declare their interests in the matter and be absent from the relevant Board meeting or, if allowed to be present at the Board meeting at the request of the majority of independent non-executive Directors, and abstain from voting at the relevant Board meeting of the Company in respect of such transactions and shall not be counted in the quorum.

The Directors are fully aware of their fiduciary duties as a Director which require, among other things, that they act for the benefit and in the best interests of the Company and do not allow any conflict between their duties as a Director and their personal interests.

Reasons for non-inclusion of Guangzhou Epro in the Group

Guangzhou Epro is operating in a socially responsible manner in accordance with sound commercial principles by offering preferential employment opportunities to disabled persons to be call centre staff. Currently, the disabled employees of Guangzhou Epro had contributed to about 57% of its operational workforce, and Guangzhou Epro has therefore attained Certificate of Social Welfare Enterprise on 14 June 2011. Since its operation in March 2010, the businesses of Guangzhou Epro has never been considered as the main business of our Group. The Directors confirm that our Group did not employ any disabled persons in Hong Kong in the Track Record Period. In view of the different objective of Guangzhou Epro and in order to meet the practical needs of disabled employees, the disabled persons contact service centre, training centres and employee dormitory were built in a wholly barrier free environment. Further, to create, develop and enhance employability of disabled employees in long term, Guangzhou Epro formulated special training, internship programs and management programs to suit their needs; in particular, it launched a career development training program for disabled employees for their career advancement in the contact service industry in 2010.

Based on the financial statements of Guangzhou Epro, for the year ended 31 December 2010, Guangzhou Epro had a turnover of approximately RMB82,000 and recorded a loss of approximately RMB1,093,000. As such and based on the above factors, the Directors consider that in view of the size, the operational differences in terms of different geographical locations, target clients and suppliers, the extent of competition is very limited. In addition, by entering into a Deed of Non-competition, we can ensure that Guangzhou Epro will not constitute direct competition with our business in Hong Kong and overseas. For details on the Deed of Non-competition, please see the paragraph headed "Deed of Non-competition" in the section headed "Controlling Shareholders, Substantial Shareholders and Significant Shareholders" of this prospectus.

Given the fact that our Group has established its business, reputation, clientele, core management expertise and service quality in Hong Kong for over 20 years and has been generating steady return to the shareholders and in view of the growth prospects in the Hong Kong market, there is no current intention and plan for our Group to expand its businesses outside Hong Kong or carry out its business in the PRC. Nevertheless, our Group is not restricted from carrying out its businesses in the PRC. Considering the different shareholding structure of our Group and that of Guangzhou Epro (in particular the fact that there is a PRC partner for Guangzhou Epro), our Group has not integrated the business with Guangzhou Epro.

INTEREST OF CONTROLLING SHAREHOLDERS IN CERTAIN OTHER BUSINESSES

Certain members of the management of our Group hold controlling interest in three companies, namely Epro Techsoft, Guangzhou EproTech and Shenzhen EproTone which operate in information technology related industries.

As the Group's business is in contact service, the Directors consider that there is no competition between such companies and the Group.

Epro Techsoft

Epro Techsoft is principally engaged in selling or reselling various software products principally in the PRC, Hong Kong and Macau. It is ultimately owned as to 47%, 46%, 5% and 2% by Mr. Wong, Mr. Ling, Ms. Chang and Ms. Ting respectively through intermediate holding companies. Epro Techsoft owns equity interests of 60% in Guangzhou Epro and 70% in Shenzhen EproTone respectively.

Guangzhou EproTech

Guangzhou EproTech is principally engaged in the development of telecommunications programming and coding. Guangzhou EproTech is owned as to 47%, 46%, 5%, and 2% by Mr. Wong, Mr. Ling, Ms. Chang and Ms. Ting respectively through intermediate holding companies.

As described in the section headed "Connected Transactions" below, for the two years ended 31 December 2010 and the six months ended June 2011, the subcontracting fees paid by the Group for the technical research and development services provided by Guangzhou EproTech were approximately HK$0, HK$1,144,600 and HK$0 respectively.

On 19 December 2011, the Group has entered into a master technical research subcontracting agreement (the "Technical Research Subcontracting Agreement") with Guangzhou EproTech, pursuant to which the Group would subcontract to Guangzhou EproTech from time to time during the term of the Technical Research Subcontracting Agreement, such technical research and development services for a subcontracting fee to be agreed between our Group and EproTech from time to time. The subcontracting fee would be negotiated by our Group and Guangzhou EproTech in good faith towards each other on a case by case basis after taking into account, among other factors, the specifications and contents of the services, the complexity of the services required, the time required to complete the services and the rates of the fees offered by other subcontracting services providing similar services as Guangzhou EproTech. The transactions under the Technical Research Subcontracting Agreement constitute continuing connected transactions of the Group, More details of these continuing connected transactions are disclosed in sub-section "Continuing Connected Transactions" under "Connection Transactions" in this prospectus below.

Given the costs of research and development is generally higher in Hong Kong than in the PRC, the Directors are of the view that the outsourcing of research and development to Guangzhou EproTech is more cost-effective than establishing and maintaining its own research and development facilities in Hong Kong.

Shenzhen EproTone

Shenzhen EproTone is principally engaged in the provision of telecom consultancy services in the PRC. It is owned as to 70% by Epro Techsoft and 30% by 廣東省頤東通信公司 an Independent Third Party.

Given the small volume of business of Shenzhen EproTone and its prospect, its directors have decided to put the company into voluntary liquidation. The liquidation procedure has commenced since November 2011 and as at the Latest Practicable Date, was still ongoing.

CONTINUING CONNECTED TRANSACTIONS

Prior to the Listing, our Group has entered into the following transactions with the following parties, which are connected persons of the Company pursuant to the GEM Listing Rules. All of these transactions between our Group and the connected persons will continue after the Listing and constitute continuing connected transactions (as defined under the GEM Listing Rules) on the part of the Company under the GEM Listing Rules.

Non-exempt continuing connected transactions

Software OEM Distributorship Agreement

On 2 January 2003, ELL, a member of our Group, entered into a distributorship agreement with ETL. Pursuant to which, ELL has appointed ETL as a distributor to sell and distribute the perpetual licence to use the WISE-xb System to the end users in Hong Kong, the PRC and Macau (the "**Territory**") for a term of one year. The software OEM distributorship agreement will be automatically renewed for successive one year unless prior written notification of termination or non-renewal is delivered by one of the parties. On 2 January 2011, a supplemental agreement (which together with the above agreement dated 2 January 2003, the "**Software OEM Distributorship Agreement**") was entered into between ELL and ETL, pursuant to which, ETL (which is not a member of the Group) has been appointed by ELL as a distributor to sell and distribute the licence (without any time limit) to use the WISE-xb System for a term of one year commencing from 2 January 2011 which will be automatically renewed for two successive terms of one year each unless prior notification of termination or non-renewal is delivered by one of the parties. The end users who pay licence fees to ETL are granted the licence (without any time limit) to use the WISE-xb System, but the ownership of the WISE-xb System remains with our Group. ETL is not restricted by the Software OEM Distributorship Agreement to distribute other software similar to the WISE-xb System or other contact center software but ETL did not perform such distributions as at the Latest Practicable Date.

The Directors consider that the distribution business of ETL does not compete with that of the Group as ETL can provide customization services of the WISE-xb System to customers based on the customers' needs and request, whereas the provision of such customization services are not our Group's focus and we will not provide customization services to customers when selling such licences. The Directors consider that the provision of customization services by ETL will assist the Group to sell the licence to customers who require further customization to the WISE-xb System to suit their specific needs, and therefore broaden the customer base to use our WISE-xb System. In addition, on or about 21 December 2011, the Covenantors have entered into the Deed of Non-competition in favour of the Company to avoid any competition with the Group after Listing.

For the two years ended 31 December 2010 and the six months ended 30 June 2011, the numbers of the perpetual licence to use the WISE-xb System sold and distributed by ETL were 3, 5 and 0 respectively and the related amounts received by ELL from ETL were HK$394,000, HK$511,000 (the average licence fees of each set of the WISE-xb System received by ELL from ETL are approximately HK$131,000 and HK$102,000 respectively) and HK$0 respectively. ETL has entered into 7 sales contracts by the end of October 2011 (the average licence fee of each set of the WISE-xb System received by ELL from ETL was approximately HK$92,000) and ELL is expected to receive licence fees from ETL in the amount of approximately HK$649,000 by the end of December 2011. The decrease in the average licence fees was due to the Group's strategy to lower the licence fee to attract customers to purchase the rights to use the WISE-xb System. According to the Software OEM Distributorship Agreement, the licence fees payable by ETL to ELL are 50% of the amount of the sales of the licences to use the WISE-xb System.

Historical transaction value

For the two years ended 31 December 2010 and the six months ended June 2011, the licence fees in respect of the WISE-xb System received by ELL from ETL were approximately HK$394,000, HK$511,000 and HK$0 respectively.

Annual caps

The proposed annual cap amounts of the licence fees in respect of the WISE-xb System to be paid by ETL to ELL for each of the three years ending 31 December 2013 are HK$649,000, HK$828,000 and HK$1,012,000 respectively. Such proposed cap amounts are determined with reference to, among other factors, (i) the historical amounts of sales of licence to use the WISE-xb System by ETL pursuant to the Software OEM Distributorship Agreement from 2003 to 2010; (ii) the expected increase in sales demand of the licence to use the WISE-xb System based on the historical increasing trend of the number of the WISE-xb System sold by ETL to the end users; (iii) the continuous growth rate based on the historical increasing trend of the number of the WISE-xb System sold by ETL to the end users; and (iv) the expected continuous growth of the customer base in the multi-media contact service market in the PRC region based on the historical increasing trend of the number of the WISE-xb System sold by ETL to the end users. The Board expects that the numbers of the WISE-xb System to be sold for the three years ending 31 December 2013 will be 7, 9 and 11 respectively, and based on the historical average licence fee of each set of the WISE-xb System received by ELL from ETL of approximately HK$92,000 for the six months ended June 2011, the expected total licence fees of the WISE-xb System receivable by ELL from ETL for the three years ending 31 December 2013 are approximately HK$649,000, HK$828,000 and HK$1,012,000 respectively. The Directors consider that the annual cap amounts were arrived at after due and careful consideration.

As the applicable percentage ratios (other than the profits ratio) for the annual caps for the Software OEM Distributorship Agreement for each of the three years ending 31 December 2013 are more than 5% but less than 25% and the transaction value on an annual basis would not exceed HK$10,000,000, the Software OEM Distributorship Agreement is exempted from independent Shareholders' approval requirement but is subject to the reporting and announcement requirements as set out in Chapter 20 of the GEM Listing Rules.

GEM Listing Rules Implication

As Mr. Wong and Mr. Ling, who are the executive Directors, are indirectly interested in 47% and 46% of ETL respectively, ETL is a connected person (within the meaning of Chapter 20 of the GEM Listing Rules) of the Company. Accordingly, the transactions contemplated under the Software OEM Distributorship Agreement constitute continuing connected transactions for the Company.

The Directors (including the independent non-executive Directors) and the Sole Sponsor have confirmed that the Software OEM Distributorship Agreement was entered into in the ordinary and normal course of our Group's business and the terms thereof (including the respective annual caps) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Technical Research Subcontracting Agreement

On 17 December 2010, ELL entered into a subcontracting agreement with Guangzhou EproTech, pursuant to which ELL subcontracted to Guangzhou EproTech the technical programming and development of the WISE-xb System for the following functions and features: (1) contact centre monitor system terminal (呼叫中心系統監管終端); (2) built-in fax in the WISE-xb System (WISE-xb系統整合傳真功能); and (3) Synway PBX support IP phone (三滙卡PBX增加IP電話支持項目). ELL is responsible for the strategic design, development and control of the WISE-xb System, while Guangzhou EproTech is responsible for programming for the WISE-xb System in view of the fact that it is more cost-effective to engage programmers in Guangzhou when compared to Hong Kong, as the average monthly salary of a programmer in Guangzhou EproTech is approximately HK$7,800 while the average monthly salary of a programmer in ELL is much higher at approximately HK$14,400. The subcontracting arrangement is mainly for cost-saving in the enhancement and development of the WISE-xb System and the three research projects have to be accomplished within a year from the date of the agreement.

According to the above agreement, Guangzhou EproTech is entitled to receive a subcontracting fee of RMB800,000.00 in three stages which are that (i) 30% of the fee is payable 30 days after signing of the agreement; (ii) three payments of 20% of the fee each are payable on the third month, the sixth month and the ninth month upon the start of the research; and (iii) 10% of the fee is payable upon completion of the research and the satisfactory testing results being obtained. The "three stage" payment schedule is based on the commercial decisions of the Group.

On 19 December 2011, ELL entered into a master technical research subcontracting agreement (the "**Technical Research Subcontracting Agreement**") with Guangzhou EproTech, pursuant to which ELL would subcontract to Guangzhou EproTech from time to time during the term of the Technical Research Subcontracting Agreement such technical research and development services for a subcontracting fee to be agreed between our Group and Guangzhou EproTech from time to time. The subcontracting fee would be negotiated by our Group and Guangzhou EproTech in good faith towards each other on a case by case basis after taking into account, among other factors, the specifications and contents of the services, the complexity of the services required, the time required to complete the services and the rates of the fees offered by other subcontracting services providers providing similar services as Guangzhou EproTech.

Historical transaction value

For the two years ended 31 December 2010, the six months ended 30 June 2011, and the 10 months ended 31 October 2011, the subcontracting fees paid by ELL for the technical research and development services provided by Guangzhou EproTech are approximately HK$0, HK$1,144,600, HK$0 and HK$878,049 (which is equivalent to RMB720,000 calculated at the rate of HK$1.00=RMB0.82) respectively. Prior to the entering into of the subcontracting agreement between ELL and Guangzhou EproTech dated 17 December 2010, the Group had entered into a subcontracting agreement with Guangzhou EproTech dated 1 October 2009. The fees for the year ended 31 December 2010 refers to the contract sum of RMB1,000,000 (which is equivalent to approximately HK$1,144,600 calculated at the rate of HK$1.00 = RMB0.87367) paid by ELL to Guangzhou EproTech in 2010 after the completion of such subcontracting agreement dated 1 October 2009.

Annual caps

The proposed annual cap amounts of the subcontracting fees to be paid by ELL for the technical research and development services provided by Guangzhou EproTech for each of the three years ending 31 December 2013 are approximately HK$1.0 million, HK$1.05 million and HK$1.1 million respectively. Such proposed cap amounts are determined based on (i) the nature and complexity of the technical research; (ii) the value of the historical transactions; (iii) the expected relatively stable amount of technical research and development work without great fluctuations subcontracted to Guangzhou Epro for the three years ending 31 December 2013; and (iv) the expected increase of the average monthly salary of a programmer in Guangzhou EproTech.

As the applicable percentage ratios (other than the profits ratio) for the annual caps for the Technical Research Subcontracting Agreement for each of the three years ending 31 December 2013 are more than 5% but less than 25% and the transaction value on an annual basis would not exceed HK$10,000,000, the Technical Research Subcontracting Agreement is exempted from independent Shareholders' approval requirement but is subject to the reporting and announcement requirements as set out in Chapter 20 of the GEM Listing Rules.

GEM Listing Rules Implication

As Mr. Wong and Mr. Ling, who are the executive Directors, are indirectly interested in 47% and 46% of Guangzhou EproTech respectively, Guangzhou EproTech is a connected person (within the meaning of Chapter 20 of the GEM Listing Rules) of the Company.

The Directors (including the independent non-executive Directors) and the Sole Sponsor have confirmed that the Technical Research Subcontracting Agreement was entered into in the ordinary and usual course of our Group's business and the terms thereof (including the respective annual caps) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Sub-lease Agreement

On 1 November 2010, Always Beyond Limited ("**Always**"), an Independent Third Party and Epro BPO Services Limited ("**Epro BPO**") entered into a tenancy agreement (the "**Tenancy Agreement**"), pursuant to which Always agreed to let and Epro BPO agreed to take the factory (the "**Premises**") located on the first floor including the flat roof thereof of Block I of Camelpaint Building Block I and Block II, No. 62 Hoi Yuen Road, Kowloon, Hong Kong for a term of three years from 2 November 2010 to 1 November 2013 at a monthly rental of HK$195,800, which is opined by DTZ Debenham Tie Leung Limited as a fair market value with an option to renew for 2 years. On 19 December 2011, Epro BPO and ETS entered into a sub-lease agreement (the "**Sub-lease Agreement**"), pursuant to which Epro BPO agreed to sub-lease and ETS agreed to take the Premises for the period commencing from 2 November 2010 to 1 November 2013 at the monthly rental equivalent to the rent payable by Epro BPO under the Tenancy Agreement and ETS would pay the rents directly to Always. On the same date, Always and Epro BPO entered into a supplemental tenancy agreement (the "**Supplemental Tenancy Agreement**"), pursuant to which (i) Always agreed to delete the provisions which restricted the sub-leasing by Epro BPO under the Tenancy Agreement with effect from 1 November 2010; (ii) Always agreed to ratify the sub-leasing of the Premises by Epro BPO to ETS for the period commencing from 2 November 2010 to the date immediately before the date of the Sub-lease Agreement; (iii) Always consented to the sub-leasing of the Premises by Epro BPO to ETS for the period commencing from the date of the Sub-lease Agreement to 1 November 2013; (iv) Always ratified and consented that the Premises had been and would be occupied by the Group but not by and to the exclusion of Epro BPO; and (v) Always acknowledged that ETS had paid and would pay the rents under the Tenancy Agreement directly to Always.

Historical transaction value

For the two years ended 31 December 2010 and the six months ended 30 June 2011, the rental paid by ETS for the Premises was approximately HK$0, HK$391,600, and HK$1,174,800.

Annual caps

The proposed annual cap amounts of the monthly rental to be paid by ETS for the Premises for each of the two years ending 31 December 2012 and the 10 months ending 31 October 2013 are approximately HK$2.35 million, HK$2.35 million and HK$1.96 million respectively. Such proposed cap amounts are determined based on the current monthly rental payable by ETS.

As the applicable percentage ratios (other than the profits ratio) for the annual caps for the Sub-lease Agreement for each of the three years ending 31 December 2013 are more than 5% but less than 25% and the transaction value on an annual basis would not exceed HK$10,000,000, the Sub-lease Agreement is exempted from independent Shareholders' approval requirement but is subject to the reporting and announcement requirements as set out in Chapter 20 of the GEM Listing Rules.

GEM Listing Rules Implication

As Mr. Wong and Mr. Ling, who are the executive Directors, are indirectly interested in 47% and 46% of Epro BPO respectively, Epro BPO is therefore a connected person (within the meaning of Chapter 20 of the GEM Listing Rules) of the Company.

The Directors (including the independent non-executive Directors) and the Sole Sponsor have confirmed that the Sub-lease Agreement was entered into in the ordinary and usual course of the Group's business, and the terms thereof (including the respective annual caps) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPLICATION FOR WAIVERS UNDER THE GEM LISTING RULES

The Directors (including the independent non-executive Directors) confirm that the continuing connected transactions contemplated under the Software OEM Distributorship Agreement, the Technical Research Subcontracting Agreement and the Sub-lease Agreement (the "**Continuing Connected Transactions**") have been and shall be entered into in the ordinary and usual course of business of our Group, and on normal commercial terms, and the terms of the Continuing Connected Transactions and the proposed annual caps in relation thereto are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Based on the applicable ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules (other than the profit ratios), the Continuing Connected Transactions constitute continuing connected transactions which are subject to the reporting and announcement requirements but are exempted from independent Shareholders' approval requirements. If the annual values of the continuing connected transactions mentioned above exceed the annual caps, the Company will further comply with all the relevant requirements of Chapter 20 of the GEM Listing Rules.

The Company has applied to the Stock Exchange for a waiver from strict compliance with the announcement requirements pursuant to Rule 20.42(3) of the GEM Listing Rules and the Stock Exchange has agreed to grant such wavier to the Company from compliance with the announcement requirements in respect of each of the Software OEM Distributorship Agreement, the Technical Research Subcontracting Agreement and the Sub-lease Agreement.

The Company would comply with the other requirements set out in Chapter 20 of the GEM Listing Rules, including Rules 20.32 and 20.45 to 20.47 of the GEM Listing Rules in relation to the Continuing Connected Transactions and the annual caps under each of the Software OEM Distributorship Agreement, the Technical Research Subcontracting Agreement and the Sub-lease Agreement.

On the basis of the information supplied to it, the Sole Sponsor is of the view that the Continuing Connected Transactions under this section headed "Connected Transactions" in this prospectus are conducted in the ordinary and usual course of the Company's business and on normal commercial terms, and that the terms of the Continuing Connected Transactions and the proposed annual caps in relation thereto are fair and reasonable and in the interests of the Shareholders as a whole.

Exempted continuing connected transactions

Licence Agreement for WISE-xb System

On 30 July 2010, ELL, a member of the Group, entered into a licence agreement (the "**Licence Agreement**") with Guangzhou Epro pursuant to which ELL has agreed to license the WISE-xb system to Guangzhou Epro. The WISE-xb system used by Guangzhou Epro is different from that of the Group as it is specially designed for Guangzhou Epro to support Chinese characters and allow users to input Chinese characters on various applications. Therefore, a trial period from November 2010 to August 2011 was stipulated in the Licence Agreement to allow Guangzhou Epro to use the WISE-xb system on a trial basis and to allow ELL to test and adjust the WISE-xb system before initial testing and final testing are performed on the WISE-xb system.

The trial period was ended in August 2011, and the joint initial testings by ELL and Guangzhou Epro have been successfully completed in September 2011. As at the Latest Practicable Date, the final joint testings were being performed by ELL and Guangzhou Epro.

According to the Licence Agreement, the total licence fee for the WISE-xb system is RMB1,305,000.00, which is payable conditionally on: (i) RMB435,000.00 has to be paid within seven days after the successful completion of the final joint testings; (ii) RMB435,000.00 has to be paid within seven days after the conclusion of further negotiation between both parties when Guangzhou Epro requires an addition of 100 users; and (iii) RMB435,000.00 has to be paid within seven days after the conclusion of further negotiations between both parties when Guangzhou Epro requires an addition of 100 users. This payment schedule is based on the commercial decisions of the Group and it is expected that the licence fee from Guangzhou Epro will be received by ELL by the end of December 2011. The Directors expect that there will be an addition of 100 users for the year ending 31 December 2012 and another addition of 100 users for the year ending 31 December 2013.

Historical transaction value

For the two years ended 31 December 2010 and the six months ended June 2011, the licence fees received by ELL under the Licence Agreement are approximately HK$0, HK$0 and HK$0 respectively.

Annual transaction value

The Directors expect that the annual fee receivable from Guangzhou Epro will not be more than HK$0.54 million (which is approximately equivalent to RMB435,000 calculated at the rate of HK$1.00=RMB0.82) for each of the three years ending 31 December 2013. On such basis, the transaction value on an annual basis is more than 0.1% but less than 5% and the transaction value on an annual basis will not exceed HK$1,000,000. Accordingly, the Licence Agreement will fall within the exemption from the reporting, announcement and independent Shareholders' approval requirements under Rule 20.31 of the GEM Listing Rules.

GEM Listing Rules Implication

As Mr. Wong, Mr. Ling and Ms. Chang, who are the executive Directors, are indirectly interested in approximately 58.8% of Guangzhou Epro in total, Guangzhou Epro is a connected person (within the meaning of Chapter 20 of the GEM Listing Rules) of the Company. Accordingly, the transactions contemplated under the Licence Agreement constitute continuing connected transactions for the Company.

The Directors (including the independent non-executive Directors) and the Sole Sponsor have confirmed that the Licence Agreement was entered into in the ordinary and normal course of the Group's business and the terms thereof (including the respective annual caps) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The table below is prepared on the basis of the Placing becoming unconditional and the completion of the Placing and Capitalization Issue. This table does not take into account any Shares which may be allotted and issued upon exercise of the Offer Size Adjustment Option or of any options that may be granted under the Share Option Scheme or of any securities which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of securities granted to our Directors as described below. All the Shareholders have the same voting right per Share.

The share capital of the Company immediately after completion of the Placing and Capitalization Issue will be as follows:

		HK$
Authorized share capital:		
5,000,000,000	Shares of HK$0.01 each	50,000,000
Issued and to be issued, fully paid or credited as fully paid:		
2	Shares in issue of HK$0.01 each	0.02
209,999,998	Shares of HK$0.01 each to be issued pursuant to the Capitalization Issue	2,099,999.98
70,000,000	Placing Shares of HK$0.01 each to be placed pursuant to the Placing	700,000.00
Total:		
280,000,000	Shares	2,800,000

If the Offer Size Adjustment Option is exercised in full, the Company will have 290,500,000 Shares in issue following completion of the Placing and the Capitalization Issue and the exercise of the Offer Size Adjustment Option.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the issued share capital of the Company must at all times be held by the public. We must therefore maintain the minimum public float of 25% of our Company's issued share capital in the hands of the public upon Listing and at all times thereafter.

RANKING

The Placing Shares will rank equally with all Shares in issue or to be allotted and issued as mentioned in this prospectus and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the major terms of which are set out in the paragraph headed "Share Option Scheme" in Appendix V to this prospectus.

GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Subject to the Placing becoming unconditional, the Directors have been granted a general unconditional mandate to allot and issue and deal with the unissued Shares (including securities convertible into Shares) with an aggregate nominal value of not more than the sum of:

(a) 20% of the aggregate nominal amount of the Shares in issue immediately following the completion of the Placing and the Capitalization Issue (without taking into account and not including Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or the exercise of options granted under the Share Option Scheme); and

(b) the aggregate nominal amount of the Shares repurchased by the Company (if any) under the authority referred to in the paragraph headed "General mandate to repurchase Shares" below.

The Directors may, in addition to the Shares which they are authorized to issue under this mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of the Company, scrip dividend scheme or similar arrangements or upon the exercise of any options granted or to be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

The general mandate to issue Shares will expire:

(i) at the conclusion of our Company's next annual general meeting; or

(ii) at the expiry of the period within which our Company is required by law or our Articles to hold our next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution passed by our Company's Shareholders in general meeting,

whichever is the earliest to occur.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Placing becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal amount of the Shares in issue immediately following the completion of the Placing and the Capitalization Issue.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the requirements of the GEM Listing Rules and all applicable laws. A summary of the relevant GEM Listing Rules is set out in the paragraph headed "Repurchase of the Company's own securities" in Appendix V to this prospectus.

The general mandate to repurchase Shares will expire:

(a) at the conclusion of our Company's next annual general meeting; or

(b) at the expiry of the period within which our Company is required by law or our Articles to hold our next annual general meeting; or

(c) when varied or revoked by an ordinary resolution passed by our Company's Shareholders in general meeting,

whichever is the earliest to occur.

For further details of these general mandates, please refer to the paragraphs headed "Written resolutions of the sole Shareholder passed on 21 December 2011" and "Repurchase of the Company's own securities" under the section headed "Further information about the Company and its subsidiaries" in Appendix V to this prospectus.

You should read this section in conjunction with our audited combined financial statements, including the accompanying notes, as set out in the Accountants' Report included in "Appendix I — Accountants' Report" to this prospectus. Our financial statements have been prepared in accordance with HKFRS. Information included in this section that has not been extracted or derived from the Accountants' Report has been extracted or derived from unaudited management accounts or other records of the Company. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in the light of our experience and perception of historical trends, current conditions and expected future developments, as well as any other factors we believe are appropriate under the circumstances. However, our future results could differ materially from those described below as a result of various factors, including those set forth in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are principally engaged in providing comprehensive multi-media contact services and contact centre systems for various corporations in Hong Kong. Since 1990, we have grown from a provider of paging related services to a multi-media contact service provider which operates three contact service centres and employs over 1,000 contact service staff in Hong Kong as at the Latest Practicable Date. Our Group's revenue is predominantly derived from four types of contact services namely i) outsourcing inbound contact service, ii) outsourcing outbound contact service, iii) staff insourcing service and iv) contact service centre facilities management service. The longest business relationship with our client dates back to more than 15 years ago and we have been serving most of our top 10 clients for an average period of more than 7 years. Our clients are principally operating in the telecommunications, banking and financial services and insurance sectors.

The table below sets out the analysis of our Group's revenue by industry sectors in which our clients operate during the Track Record Period:

Industry sectors of clients	Year ended 31 December 2009 *HK$'000*		2010 *HK$'000*		Six months ended 30 June 2011 *HK$'000*	
Telecommunications	88,773	47%	80,943	42%	37,269	42%
Banking and financial services	50,158	26%	61,995	33%	31,871	36%
Insurance	34,623	18%	38,553	20%	16,522	18%
Public sector	8,927	5%	2,555	1%	1,337	1%
Others *(Note)*	8,151	4%	7,101	4%	2,397	3%
	190,632	100%	191,147	100%	89,396	100%

Note:

The industries in the commercial sector relating to "Others" include but not limited to retail conglomerate, computer vendor and pharmaceutical company.

Our clients in the telecommunications sector include key local telecommunications network operators in Hong Kong. Our Group generated revenue of approximately 47%, 42% and 42% for each of the two years ended 31 December 2009 and 31 December 2010, and the six months ended 30 June 2011 respectively from telecommunications sector.

Our clients in the banking and financial services sector include major global and local banks offering comprehensive consumer and retail banking services. Our Group generated revenue of approximately 26%, 33% and 36% for each of the two years ended 31 December 2009 and 31 December 2010, and the six months ended 30 June 2011 respectively from banking and financial services sector.

Our clients in the insurance sector mainly comprise global insurance companies and the insurance associates of banking groups which require contact services for marketing both general or life insurance products to selected customers in their databases. Our Group generated revenue of approximately 18%, 20% and 18% for each of the two years ended 31 December 2009 and 31 December 2010, and the six months ended 30 June 2011 respectively from our clients in the insurance sector.

Our Group recorded revenues of approximately HK$190,632,000, HK$191,147,000 and HK$89,396,000 for each of the two years ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively. Net profits attributable to the Group were approximately HK$17,495,000, HK$13,754,000 and HK$8,142,000 for each of the two years ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The major factors affecting our results of operations and financial condition include the following:

Ability of our Group to stay competitive in the market

Our Group has undergone expansion since commencement of business in 1990. The sustainability of our Group's revenue and net profit will depend upon the ability of our Group to maintain its competitiveness in the contact service market and to provide high quality contact services.

Ability of our Group to maintain major clients

Our Group derives a significant portion of our revenue from the provision of services to a number of key clients in mainly three industry sectors (the "three industry sectors"), namely, telecommunications, banking and financial services, and insurance industries in Hong Kong.

For each of the years ended 31 December 2009 and 2010 and the six months ended 30 June 2011, our Group's revenue from the provision of contact services to its top five clients accounted for approximately 67%, 70% and 71% respectively of our Group's total revenue.

As demand for the services of our Group depends on the level of activities in the three industry sectors and the intensity of market competition in Hong Kong, there is no assurance that the demand for our Group's contact services from the three industry sectors may be maintained or continue to grow in the years ahead.

Ability of our Group to expand into other industry sectors

Our Group is actively seeking business opportunities with new clients in the three industry sectors as well as other industry sectors, while maintaining and consolidating its business and working relationships with existing clients.

As part of our strategic development, our Group is contemplating expansion of its business into other industry sectors. However, such expansion into other industry sectors may involve substantial time and resources at relatively high costs, subject to the business environment and uncertainties in the development of the market economy. In the event that our Group encounters problems or delays in expanding our business into other industry sectors, the business and results of operations and prospects of our Group could be affected.

Ability to keep up with changes in technology

The industry in which our Group operates is subject to rapid changes in information and communication technology. There can be no assurance that our Group can offer, or develop the expertise, experience and resources to offer contact services to its clients on a timely and competitive basis with the benefit and in the context of the latest information and communication technology. Our Group may incur significant costs in developing the operational systems and building up such resources and expertise in order to make use of the latest information and communication technology in the provision of contact services to and for its clients.

To meet the increasing and evolving demand on contact services from our clients, our Group's research and development team continues to further enhance the WISE-xb system and develop new contact centre related applications to provide value added capabilities to better support the contact service centre business.

Ability to secure space on commercially acceptable terms

When our Group expands our contact service centre network by establishing new contact service centres, availability of space at suitable locations on acceptable terms is one of the key factors that our Group has to consider. Since significant investments are involved mainly in the installation of facilities and equipment and decoration of the contact service centres, our Group is cautious in the selection and leasing of premises for our contact service centres.

Our Group currently operates three contact service centres, one in Kowloon Bay and two in Kwun Tung with a total operation area of 43,236 sq. ft. in area as at the Latest Practicable Date. It is one of our Group's growth strategies to expand its business by setting up two new contact service centres in the next two years.

With due regard to the difficulty in leasing premises at suitable locations on commercially acceptable rents given the relatively high rental rates for commercial premises in Hong Kong, our Group may not be able to lease suitable sites for new contact service centres on terms that are acceptable to our Group on the basis of commercial considerations.

BASIS OF PREPARATION

The financial information has been prepared as a combination of business under common control. The financial information presents the operation results as if our Group had been in existence in the current form as at 1 January 2009. All subsidiaries of our Group are ultimately controlled by the Controlling Shareholders before and after our Group Reorganization. The financial information is thereby prepared using the principles of merger accounting and presents our Group's combined results, combined changes in equity, combined cash flows and combined financial positions as if the current Group structure had been in existence on 1 January 2009.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

Our Group has prepared financial statements in accordance with HKFRS, which requires our Group to adopt accounting policies and make estimates and assumptions that our Group's management believes are appropriate in the circumstances for the purpose of giving a true and fair view of its results and financial condition. However, different policies, estimates and assumptions in critical areas could lead to materially different results. Our Group has continually evaluated these estimates based on its own experience, knowledge and assessment of current business and other conditions, and our Group's expectations based on available information and other reasonable assumptions, which together form the basis for making judgements about matters that are not readily apparent from other sources. The use of estimates is an integral component of the financial reporting process, and our Group's actual results could differ from these estimates. Some of our Group's accounting policies require a higher degree of judgement than others in their application. Our Group believes the preparation of our Group's financial statements uses the following accounting policies which involve the most significant estimates and higher degree of judgement.

A. CRITICAL ACCOUNTING POLICIES

(i) Merger accounting

The Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The combined statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

(ii) Revenue recognition for our Group's significant category of revenue

Our Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity as and when specific criteria have been met for each of our Group's activities as described below.

(a) Service fee income from the provision of telecommunication and related services is recognised upon the rendering of the relevant services.

(b) Revenue from the sales of systems and software is recognised on the transfer of the significant risks and rewards of ownership of products, which generally coincides with the time when the products are delivered to customers and titles have passed.

(c) Licence fee income is recognised in accordance with the relevant agreements.

(d) Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, our Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

–	Leasehold improvements	: Over the term of lease or 5 years, whichever is shorter
–	Furniture and fixtures	: 5 years
–	Computer equipment	: 3 years
–	Computer software	: 5 years
–	Electronic and office equipment	: 5 years
–	Motor vehicles	: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the combined statement of comprehensive income.

(iv) Intangible assets

Cost associated with maintaining computer software programs are recognised as expenses incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by our Group are recognised as intangible assets when the following criteria are met:

a. It is technically feasible to complete the software product so that it will be available for use;

b. Management intends to complete the software product and use or sell it;

c. There is an ability to use or sell the software product;

d. It can be demonstrated how the software product will generate probable future economic benefits;

e. Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

f. The expenditure attributable to the software product during its development can be reliably measured

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortized over their estimated useful lives.

B. KEY SOURCES OF ESTIMATION UNCERTAINTY

Description of certain items in the combined statements of comprehensive income

The recoverable amount of an asset is greater than its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. Our Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

C. CRITICAL ACCOUNTING JUDGEMENTS

Income taxes

Our Group is subject to income tax in Hong Kong. Significant judgement is required in determining the amount of the provision for income tax. There are certain transactions and calculations, mainly deferred tax liabilities arising from temporary differences between depreciation of our property, plant and equipment and the tax base against those property, plant and equipment, for which the ultimate tax determination is uncertain during the ordinary course of business mainly because we may utilize prior years' tax losses to set off current year's taxable profit in which no deferred assets in respect of such tax losses had been previously recognised or we may provide tax losses for which no deferred income tax asset was recognised. Our Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

Our Group's effective tax rate were approximately 13.2% and approximately 15.7% for each of the year ended 31 December 2009 and 2010 and approximately 20.2% and approximately 18.6% for each of the six months ended 30 June 2010 and 2011 respectively.

For the year ended 31 December 2009, our Group had approximately income not subject to tax of HK$0.4 million tax which arose from the acquisition of a subsidiary and approximately HK$0.3 million tax deduction from utilization of tax losses from previous years; therefore our Group enjoyed approximately 13.2% effective tax rate.

For the six months ended 30 June 2010, our Group's subsidiaries incurred losses and resultant tax loss for which no deferred income tax was recognised amounted to approximately HK$0.2 million. As a result, our Group's overall effective tax rate increased to approximately 20.2%.

For the year ended 31 December 2010, our Group had utilized the tax losses from previous years which amounted to approximately HK$0.2 million so that our Group's effective tax rate was reduced to approximately 15.7%.

For the six months ended 30 June 2011, our Group recognised deferred tax liabilities amounting to approximately HK$0.2 million which arose from accelerated tax depreciation of our property, and plant and equipment. As a result, our effective tax rate increased to approximately 18.6%.

Estimated recoverability of trade and other receivables

Our Group's management determines the provision for impairment of trade and other receivables based on ongoing assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgements and estimates. Management reassesses the provision for impairment of trade and other receivables at the end of the reporting period.

Impairment of capitalized software development costs

Determining whether capitalized software development costs are impaired requires an estimation of the recoverable amount determined by the value in use of the capitalized software development costs. The value in use calculation requires our Group to estimate the future cash flows expected to arise from the capitalized software development costs and a suitable discount rate in order to calculate the present value. Our Group carries out an impairment review assessment on the capitalized software development costs at the end of the reporting period and no impairment charge is made for the Relevant Periods.

Useful life and residual value of property, plant and equipment

The management determines the residual value, useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions and may vary significantly as a result of technical innovation and keen competition from competitors, resulting in higher depreciation charge and/or write-off or write-down of technically obsolete assets when residual value or useful lives are less than previously estimated.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of combined statements of comprehensive income

The following table summarises our Group's combined revenue and results for the two years ended 31 December 2009 and 2010 and the six months ended 30 June 2010 and 2011, which is derived from our combined financial statements as included in the Accountants' Report set forth in Appendix I to this prospectus:—

	Year ended 31 December		Six months ended 30 June	
	2009	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Revenue	190,632	191,147	88,350	89,396
Other income	407	271	223	171
Other gains – net	2,501	1,318	141	33
Employee benefits expenses	(146,597)	(148,735)	(64,575)	(65,793)
Depreciation and amortization	(5,763)	(5,662)	(2,826)	(2,916)
Other operating expenses	(19,909)	(20,394)	(10,699)	(10,158)
Operating profit	21,271	17,945	10,614	10,733
Finance costs	(1,114)	(1,628)	(814)	(730)
Profit before income tax	20,157	16,317	9,800	10,003
Income tax expense	(2,662)	(2,563)	(1,977)	(1,861)
Profit for the year/period	17,495	13,754	7,823	8,142
Profit attributable to:				
Owners of our Group	17,490	13,754	7,823	8,142
Non-controlling interests	5	–	–	–
	17,495	13,754	7,823	8,142
Earnings per share				
– basic and diluted (HK cents)	8.3	6.5	3.7	3.9

Revenue

Our revenue is mainly derived from outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service or secondment service and contact service centre facilities management service. We have maintained a stable revenue during the Track Record Period with approximately HK$190.6 million for the year ended 31 December 2009, approximately HK$191.1 million for the year ended 31 December 2010, approximately HK$88.4 million for the six months ended 30 June 2010 and approximately HK$89.4 million for the six months ended 30 June 2011.

The following table sets forth the analysis of revenue by business units of our Group during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2009		**2010**		**2010**		**2011**	
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000*	
	(audited)		(audited)		(unaudited)		(audited)	
Outsourcing inbound contact service	12,564	6%	8,890	5%	3,831	4%	4,010	4%
Outsourcing outbound contact service	68,484	36%	70,577	37%	31,674	36%	31,794	36%
Staff insourcing service	83,734	44%	87,994	46%	41,212	47%	41,227	46%
Contact service centre facilities management service	24,503	13%	23,175	12%	11,320	13%	12,365	14%
Others	1,347	1%	511	0%	313	0%	–	0%
Total revenue	190,632	100%	191,147	100%	88,350	100%	89,396	100%

Outsourcing inbound contact service

The outsourcing inbound contact service includes general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines, helpdesk hotlines and television direct response hotlines. The average monthly fee of an inbound program is approximately HK$42,000, HK$26,000 and HK$27,000 for the year ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively. The higher average monthly fee in 2009 was generated from a major inbound program that expired during 2009. Apart from the expired major program, there were no material fluctuations for the pricing basis of other inbound programs during the Track Record Period. Our Group generated revenue from outsourcing inbound contact services of approximately HK$12.6 million and approximately HK$8.9 million for each of the two years ended 31 December 2009 and 2010 respectively, and approximately HK$3.8 million and approximately HK$4.0 million for each of the six months ended 30 June 2010 and 2011 respectively.

Outsourcing outbound contact service

The outsourcing outbound contact service includes telemarketing services, retention services, cross-selling and customer satisfaction surveys. Taking into consideration the scale, contract period, nature of the outbound contact service and other related requirements for different services, the average rate in terms of an outbound record is approximately HK$12, HK$12 and HK$11 for the two years ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively. There were no material fluctuations for the pricing basis during the Track Record Period. Our revenue generated from outsourcing outbound contact services amounted to approximately HK$68.5 million and approximately HK$70.6 million for each of the two years ended 31 December 2009 and 2010 respectively and approximately HK$31.7 million and approximately HK$31.8 million for each of the six months ended 30 June 2010 and 2011 respectively.

Staff insourcing service

Our staff insourcing service entails assigning contact service staff with qualifications and experience specified by our clients to work at our clients' contact service centres. The average monthly charge of an insourced staff member is approximately HK$10,000, HK$11,000 and HK$10,000 for the two years ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively. There were no material fluctuations for the pricing basis during the Track Record Period. Our revenue generated from staff insourcing services amounted to approximately HK$83.7 million and approximately HK$88.0 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$41.2 million and approximately HK$41.2 million for each of the six months ended 30 June 2010 and 2011 respectively.

Contact service centre facilities management service

The contact service centre facilities management service involves the leasing of our contact service centre facilities in the form of workstations, contact service staff and system infrastructure and support to our clients for setting up their own contact service centre operations at our contact service centre premises. The average rate of a leased workstation is approximately HK$5,000, HK$4,900 and HK$5,300 for each of the two years ended 31 December 2009 and 2010, and the six months ended 30 June 2011 respectively. There were no material fluctuations for the pricing basis during the Track Record Period. Our revenue generated from contact service centre facilities management service amounted to approximately HK$24.5 million and approximately HK$23.2 million for each of the two years ended 31 December 2009 and 2010 respectively and approximately HK$11.3 million and approximately HK$12.4 million for each of the six months ended 30 June 2010 and 2011 respectively.

Others

The revenue relating to the "others" category represents the revenue generated from sales of system and software which amounted to approximately HK$1.0 million for the year ended 31 December 2009 and the licence fee income which amounted to approximately HK$0.4 million and approximately HK$0.5 million for each of the year ended 31 December 2009 and 2010 respectively, and approximately HK$0.3 million for the six months ended 30 June 2010.

Revenue generated from sales of system and software amounted to approximately HK$1.0 million for the year ended 31 December 2009 in which approximately HK$0.4 million was derived from the sales of the WISE-xb System sold to independent outsiders including but not limited to healthcare company and computer software firm, through ETL before the disposal of ETL as disclosed in the section headed "History and Development" in this prospectus. The tailored made system and software for educational sector was sold approximately at HK$0.6 million to our related company, ETL, after the corresponding disposal in mid-January of 2009.

The revenue was recognised as sales of system and software since the system and software was sold directly by the Group.

Licence fee income represents the license fees of the WISE-xb System received by ELL from ETL pursuant to the Software OEM Distributorship Agreement entered into between ETL and ELL (a subsidiary of the Company). ETL distributes and sells the WISE-xb System for ELL alongside with other third party computer systems, third party system software and its own supporting services. ELL is entitled to receive half of the licence fees paid by the end customers for the software part of the WISE-xb System while ETL is entitled to the remaining half of the licence fees for the sales and distribution support. The end customers who were licensed to use the WISE-xb System are independent outsiders including but not limited to, government entity, educational body, healthcare company, airline, book store chain and cosmetic company.

The revenue was recognised as licence fee income for the software part of the WISE-xb System distributed by the related company to the end customers.

The Software OEM Distributorship Agreement is expected to continue after Listing and will constitute a continuing connected transaction of the Company as defined in Chapter 20 of the GEM Listing Rules. Please refer to the section headed "Connected Transactions" in this prospectus for more details.

Revenue recognition policy

Set out below are details of the Group's revenue recognition policy for each of the four key types of contact services with reference to their respective pricing schemes:

Outsourcing inbound contact service

The one-off set up fee for each new contact service centre project charged by the Group is recognised as revenue when the set up has been completed by the Group.

The monthly service income charged by the Group is recognised as revenue upon the provision of outsourcing inbound contact service to the Group's clients in respect of each month. Such monthly service income comprises the fixed basic fee (based on a minimum committed number of calls answered within each fixed period of time which is mutually agreed between the client and our Group in advance) and charges for each additional call made during that period at pre-agreed rates (if the total number of calls answered in the fixed period of time exceeds the minimum committed number of calls).

Outsourcing outbound contact service

The one-off set up fee for each new contact service centre project charged by the Group is recognised as revenue when the set up has been completed by the Group.

We have two broad charging schemes for the basic fee of each outbound contact service program: a fixed unit rate per call record provided by the client, or a fixed unit rate per dedicated contact service staff assigned to the outbound contact service. During the contract term which ranges from a few months to three years, different programs with a certain number of call records will be provided by the clients to the Group for performing the outbound services. Each program will normally last for one to three months. At the end of each program, the amount charged by the Group to the client based on the total number of call records handled by the Group's contact service staff (in respect of basic fee) and the total number of successful orders solicited by the Group's contact service staff (in respect of commission in the case that the contact service staff are required to solicit sales) during the program period is recognised as revenue upon completion of each program and the amount is agreed with the client.

In respect of outsourcing outbound contact service, the Group is entitled to receive the service income only upon completion of each program as agreed with the client, at which point revenue is recognised by the Group when it is probable that the economic benefits will flow to the Group. Furthermore, the amount of service income can be measured reliably only upon completion of each program and the amount is agreed with the client. The current revenue recognition policy adopted by the Group in respect of outsourcing outbound contact service complies with Hong Kong Accounting Standard 18 and also minimises estimation uncertainty in the measurement of the amount of revenue to be recognised.

For outbound contact service that involves insurance products, either no commission or a refund of the paid commission is applied for those lapsed policies within the first two or three months after inception depending on the commercial terms agreed with our clients. Other than the above, the Group's fee and commission received for other outbound contact service is not subject to clawback. The clawback is netted off against revenue. We will perform review for any adjustments of revenue booked in relation to insurance products at financial year end dates.

There were a total of four clients of the Group that were subject to adjustments of revenue in respect of those policies which had lapsed within the first two or three months after inception depending on the commercial terms agreed with the clients during the Track Record Period and the Group recognised the revenue after taking account of any aforesaid adjustments (if any). The amounts netted-off revenue after clawback of these clients during the Track Record Period and the amounts of adjustment at the end of each of the Track Record Period are as follows:

	Year ended 31 December 2009	Year ended 31 December 2010	Period ended 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
Netted-off revenue after clawback	21,508	23,247	11,031

	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
Adjustments of revenue related to prior period and was accounted for during the financial period	57	91	184
Adjustments related to current period and was accounted for in the subsequent financial period	91	184	346
Net effect	34	93	162

For the two years ended 31 December 2009 and 2010 and the six months ended 30 June 2011, the amounts of clawback against revenue were approximately HK$714,000, HK$1,124,000 and HK$600,000 respectively.

The Directors have performed reviews for any adjustments of revenue booked in relation to insurance products at financial year end dates. In view of the above and the insignificant amounts involved at the end of each of the Track Record Period, the Directors consider that there is no need for adjustments of revenue at the end of each of the Track Record Period.

For certain projects, our Group charges the clients a fixed fee for on-going system and project support for each outbound contact service. The service income for provision of outsourcing outbound contact service is generally billed to the Group's clients at the end of the contract term after the aforesaid details have been agreed between the Group and its clients.

Staff insourcing service

The monthly service income charged by the Group is recognised as revenue upon the provision of staff insourcing service to the Group's clients in respect of each month. Our Group usually charges a mark up fee for each insourced staff during the service period in which the insourced staff works for the client. The mark up fee is agreed with the clients in advance, and shall remain unchanged during the contract period unless the change is mutually agreed between the clients and our Group.

Contact service centre facilities management service

The one-off set up fee for each new contact service centre project charged by the Group is recognised as revenue when the set up has been completed by the Group.

In respect of workstation leasing and system hosting services, the monthly service income charged by the Group is recognised as revenue upon the provision of the relevant service to the Group's clients in respect of each month. The monthly service income comprises a fixed monthly unit rate on each workstation and a fixed monthly fee for on-going system and administrative support related to the facilities management service.

In respect of IVRS hosting solution, the monthly service income charged by the Group is recognised as revenue upon the provision of relevant service to the Group's clients in respect of each month. The monthly service income comprises a unit rate per telephone channel used and a fixed monthly fee for on-going system support related to the IVRS service.

Gross profit margin analysis

The following table sets forth the analysis of segment result and gross profit margins by business units of our Group during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2009		2010		2010		2011	
		Gross profit margins		Gross profit margins		Gross profit margins		Gross profit margins
	HK$'000 (audited)	*%*	*HK$'000* (audited)	*%*	*HK$'000* (unaudited)	*%*	*HK$'000* (audited)	*%*
Outsourcing inbound contact service *(Note 1)*	1,067	8.5	599	6.7	360	9.4	210	5.2
Outsourcing outbound contact service *(Note 1)*	16,372	23.9	14,983	21.2	7,896	24.9	6,499	20.4
Staff insourcing service *(Note 1)*	7,981	9.5	7,848	8.9	4,735	11.5	4,670	11.3
Contact service centre facilities management service *(Note 1)*	7,663	31.3	5,193	22.4	2,988	26.4	3,377	27.3
Others *(Note 1)*	632	46.9 *(Note 2)*	511	100 *(Note 2)*	313	100 *(Note 2)*	–	0
Total	33,715	17.7	29,134	15.2	16,292	18.4	14,756	16.5

Notes:

(1) The gross profit margins were calculated on the basis of the segment result as divided by the segment revenue and multiplied by 100%.

(2) The gross profit margin relating to the "others" category represents the gross profit margin of sales of system and software and the gross profit margin net of cost of licence fee income. The gross profit margins net of cost were calculated on the basis of the segment result as divided by the segment revenue and multiplied by 100%.

For each of the two years ended 31 December 2009 and 2010 and the six months ended 30 June 2010 and 2011, the gross profit of our Group was approximately HK$33.7 million, HK$29.1 million, HK$16.3 million and HK$14.8 million respectively, while the gross profit margins were approximately 17.7%, 15.2%, 18.4% and 16.5% respectively.

Our gross profit margin decreased from approximately 17.7% for the year ended 31 December 2009 to approximately 15.2% for year ended 31 December 2010. The decrease was primarily caused by the decrease in gross profit margin in our outsourcing outbound contact service, which accounted for approximately 36.9% of our Group's revenue for the year ended 31 December 2010, and contact service centre facilities management service, which accounted for approximately 12.1% of the revenue. The increase in the cost of employee benefits, due to the increase in salary for the operating, managerial and supportive staff and the increase in subcontracting charges, led to the decrease in the gross profit margin of our services for the year ended 31 December 2010 as compared to that of the previous year. Our gross profit margin decreased from approximately 18.4% for the six months ended 30 June 2010 to approximately 16.5% for the six months ended 30 June 2011. The decrease was primarily caused by the decrease in gross profit margin in our outsourcing outbound contact service, which accounted for approximately 35.6% of our Group's revenue for the six months ended 30 June 2011. The increase in the cost of employee benefits was due to the increase in salary for operating, managerial and supportive staff and the increase in subcontracting charges, which led to the decrease in the gross profit margin of our services for the six months ended 30 June 2011.

Our gross profit margin for outsourcing inbound contact service decreased from approximately 8.5% for the year ended 31 December 2009 to approximately 6.7% for the year ended 31 December 2010. The decrease in gross profit margin for outsourcing inbound contact service for the year ended 31 December 2010 as compared to that of the previous year was attributed mainly to the revenue decrease due to the expiry of the contract of one of our major projects, which produced a higher profit margin and accounted for approximately 4.2% of our Group's revenue for the year ended 31 December 2009. Our gross profit margin for outsourcing inbound contact service decreased from approximately 9.4% for the six months ended 30 June 2010 to approximately 5.2% for the six months ended 30 June 2011. The increase in cost of employee benefits due to the increase in salary for operating, managerial and supportive staff, as well as the increase in cost of utilities due to increased consumption of utilities and higher utility rates, led to the decrease in the gross profit margin of our services for the six months ended 30 June 2011.

Our gross profit margin for outsourcing outbound contact service decreased from approximately 23.9% for the year ended 31 December 2009 to approximately 21.2% for the year ended 31 December 2010. Our gross profit margin for outsourcing outbound contact service decreased from approximately 24.9% for the six months ended 30 June 2010 to approximately 20.4% for the six months ended 30 June 2011. The decrease in gross profit margin of outsourcing outbound contact service was attributed mainly to the increase in subcontracting charges due to insufficient capacity of our contact service centres to cope with the increase in demand for outsourcing outbound contact service. The increase in cost of employee benefits due to the increase in salary for operating, managerial and supportive staff as well as the increase in cost of utilities due to increased consumption of utilities and higher utility rates, also led to the decrease in the gross profit margin of our services.

Our gross profit margin for staff insourcing service decreased slightly from approximately 9.5% for the year ended 31 December 2009 to approximately 8.9% for the year ended 31 December 2010. For the six months ended 30 June 2010 and 30 June 2011, our gross profit margin for staff insourcing service slightly decreased from approximately 11.5% for six months ended 30 June 2010 to approximately 11.3% for the six months ended 30 June 2011. The increase in employee benefits expenses due to the increase in salary for operating, managerial and supportive staff contributed to the decrease in gross profit margin of our service.

Our gross profit margin for contact service facilities management service decreased from approximately 31.3% for the year ended 31 December 2009 to approximately 22.4% for the year ended 31 December 2010. The decrease of gross profit margin was mainly due to the increase in salary for managerial and supportive staff. Our gross profit margin for contact service facilities management service increased from approximately 26.4% for the six months ended 30 June 2010 to approximately 27.3% for the six months ended 30 June 2011. The increase of gross profit margin in 2011 was mainly attributable to better economics of scale and the increase in revenue as compared to that of the corresponding period in 2010.

The gross profit margin relating to the "others" category represents the gross profit margin of sales of system and software and the gross profit margin of licence fee income net of cost. The gross profit margin of sales of system and software for the year ended 31 December 2009 was 25.0% which is lesser than the gross margin of licence fee income net of cost. The Group did not have any sales of system and software for the year ended 31 December 2010 and the six months ended 30 June 2010 and 2011, leading to an increase in the gross profit margin.

Segment result analysis

Outsourcing inbound contact service

The following table sets out the segment result of outsourcing inbound contact service of our Group during the Track Record Period:

	Year ended 31 December		Six months ended 30 June	
	2009	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Segment revenue	12,564	8,890	3,831	4,010
Segment costs				
– Employee benefits				
– operating employee	7,896	4,769	1,796	1,933
– Employee benefits – managerial and supportive employee	904	1,104	464	504
– Depreciation and amortization	1,017	949	488	505
– Rent and rates	570	572	292	318
– Others	1,110	897	431	540
	11,497	8,291	3,471	3,800
Segment results	1,067	599	360	210
Gross profit margin	8.5%	6.7%	9.4%	5.2%

The segment results for outsourcing inbound contact service decreased by approximately HK$0.5 million or 44% from approximately HK$1.1 million for the year ended 31 December 2009 to approximately HK$0.6 million for the year ended 31 December 2010. For the year ended 31 December 2010, our revenue for outsourcing inbound contact service decreased by approximately HK$3.7 million and our segment costs reduced by approximately HK$3.2 million during the year ended 31 December 2010 as compared to that of the previous year. The drop in total segments costs is less than the drop in revenue although employee benefits expenses for operating employees dropped by a higher proportion of approximately 40%, whereas the drop in revenue was approximately 29%. This is due to the fact that other segment cost items are relatively inelastic to the effects of changes in revenue.

Our revenue for the year ended 31 December 2010 dropped as compared to that of the previous year due to the expiry of the contract of one of our major projects during 2009. The higher average monthly fee was generated from a major inbound program that expired in 2009. The total number of incoming calls decreased from approximately 668,000 for the year ended 31 December 2009 to approximately 542,000 for the year ended 31 December 2010. As the revenue dropped, our Group reduced the number of operating employees from a monthly average of 70 for the year ended 31 December 2009 to a monthly average of 47 for the year ended 31 December 2010. As a result, the employee benefits expenses for operating employees decreased by approximately HK$3.1 million for the year ended 31 December 2010 as compared to that of the previous year. However, the employee benefits expenses of managerial and supportive employees increased since the average salary of the managerial and supportive employees are relatively inelastic to the effect of changes in revenue.

The segment costs included in "others" mainly comprise telephone line and data line rental fee, and electricity and water expenses. There were no material fluctuations of the segment costs included in the "others" category.

The segment results for outsourcing inbound contact service decreased by approximately HK$0.2 million from approximately HK$0.4 million for the six months ended 30 June 2010 to approximately HK$0.2 million for the six months ended 30 June 2011. For the six months ended 30 June 2011, our revenue for outsourcing inbound contact service increased by approximately HK$0.2 million and our segment costs increased by approximately HK$0.3 million as compared to that of the corresponding period in 2010. The increase in total segment costs is higher than the increase in revenue which was mainly due to the increase in our staff costs for managerial, operating and supportive personnel.

Our revenue for the six months ended 30 June 2011 increased due to the increased demand for outsourcing inbound contact service. The total number of incoming calls increased from approximately 220,000 for the six months ended 30 June 2010 to approximately 222,000 for the six months ended 30 June 2011. Our Group increased the number of operating employees from a monthly average of 38 for the six months ended 30 June 2010 to a monthly average of 43 for the six months ended 30 June 2011. As a result, the employee benefits expenses for operating employees increased by approximately HK$0.1

million for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010. The employee benefits expenses of managerial and supportive employees increased due to the increase in the average salary of the managerial and supportive employees.

The segment cost included in "others" increased by approximately HK$0.1 million from approximately HK$0.4 million for the six months ended 30 June 2010 to approximately HK$0.5 million for the six months ended 30 June 2011. The increase in segment cost included in "others" was mainly due to the increase in numerous sundry expenses such as travelling, repairs and maintenance, printing, stationary and postage expenses and there were no material fluctuations of such sundry expenses for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Outsourcing outbound contact service

The following table sets out the segment results of outsourcing outbound contact service of our Group during the Track Record Period:

	Year ended 31 December		**Six months ended 30 June**	
	2009	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Segment revenue	68,484	70,577	31,674	31,794
Segment costs				
– Employee benefits				
– operating employee	38,934	41,057	16,716	17,276
– Employee benefits – managerial and supportive employee	2,638	3,244	1,362	1,481
– Subcontracting charges	4,498	5,588	2,780	3,331
– Depreciation and amortization	1,700	1,632	812	882
– Rent and rates	1,662	1,681	847	953
– Others	2,680	2,392	1,261	1,372
	52,112	55,594	23,778	25,295
Segment results	16,372	14,983	7,896	6,499
Gross profit margin	23.9%	21.2%	24.9%	20.4%

The segment results for outsourcing outbound contact service decreased by approximately HK$1.4 million or approximately 8% from approximately HK$16.4 million for the year ended 31 December 2009 to approximately HK$15.0 million for the year ended 31 December 2010. The segment results decreased because the rate of increase in revenue was far behind the rate of increase in segment cost. It was mainly due to the fact that the employee benefits expenses for managerial and supportive personnel, and the subcontracting charges for the year ended 31 December 2010, increased by approximately 23% and approximately 24% respectively as compared to that of the previous year whilst the revenue increased by approximately 3%.

Our segment revenue for outsourcing outbound contact service increased by approximately HK$2.1 million due to the increase in demand for the services. The size of call list increased by approximately 2% from a total of 5.8 million for the year ended 31 December 2009 to a total of 5.9 million for the year ended 31 December 2010. The increase in segment costs for the year ended 31 December 2010 as compared to that of the previous year was mainly due to the increase in employee benefits expenses for operating employees which amounted to approximately HK$2.1 million and the increase in subcontracting charges which amounted to approximately HK$1.1 million. The employee benefits expenses increased mainly due to the general salary increment for employees of 3% to 6% during the year ended 31 December 2010 and the number of employees increased from a monthly average of 354 for the year ended 31 December 2009 to a monthly average of 360 for the year ended 31 December 2010. The costs for managerial and supportive employees increased by approximately HK$0.6 million from approximately HK$2.6 million for the year ended 31 December 2009 to approximately HK$3.2 million for the year ended 31 December 2010 because the average salary of managerial and supportive employees increased during the year ended 31 December 2010 as compared to that of the previous year.

Subcontracting charges increased by approximately HK$1.1 million for the year ended 31 December 2010 as compared to that of the previous year. Since our capacity was highly utilized, we subcontracted more outbound contact services to an independent subcontractor. We recorded the utilization rate of contact service centre over 80% for each of the year ended 31 December 2009 and 2010 respectively. Our Group expanded the capacity by subcontracting the projects to meet the increasing demand of services.

The segment costs categorised as "others" mainly comprise telephone line and data line rental fee and electricity and water expenses. Our Group's telephone line and data line rental fee which amounted to approximately HK$0.8 million for the year ended 31 December 2009 and approximately HK$0.5 million for the year ended 31 December 2010. Our Group reduced the number of telephone lines and data lines for the year ended 31 December 2010 as compared to that of the previous year due to the fact that some telephone lines and data lines were shared for providing our facilities management services. Our Group recorded similar electricity and water expenses which amounted to approximately HK$0.9 million for the year ended 31 December 2009 and approximately HK$0.8 million for the year ended 31 December 2010.

The segment results of outsourcing outbound contact service decreased by approximately HK$1.4 million from approximately HK$7.9 million for the six months ended 30 June 2010 to approximately HK$6.5 million for the six months ended 30 June 2011. The segment results decreased because the rate of increase in revenue was far behind the rate of increase in segment cost. It was mainly due to the fact that employee benefits expenses for managerial and supportive employees for the six months ended 30 June 2011 increased by approximately 9% as compared with the corresponding period in 2010 and the subcontracting charges for the six months ended 30 June 2011 increased by approximately 19% whilst the revenue increased by approximately 0.4% for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Our segment revenue for outsourcing outbound contact service was similar and amounted to approximately HK$32.0 million for each of the six months ended 30 June 2010 and 30 June 2011 respectively. The total call lists received from our clients also remained at a similar level, amounting to approximately 2.7 million records for the six months ended 30 June 2010 and approximately 3.0 million records for the six months ended 30 June 2011.

The increase in segment costs for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010 was mainly due to the increase of employee benefits expenses for operating employees which amounted to approximately HK$0.6 million and the increase of subcontracting charges which amounted to approximately HK$0.5 million. The number of employees increased from a monthly average of 341 for the six months ended 30 June 2010 to a monthly average of 369 for the six months ended 30 June 2011, thus leading to an increase in employee benefits expenses. The costs of managerial and supportive employees increased by approximately HK$0.1 million from approximately HK$1.4 million for the six months ended 30 June 2010 to approximately HK$1.5 million for the six months ended 30 June 2011 because the average salary of managerial and supportive employees increased during the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Subcontracting charges increased by approximately HK$0.6 million for the six months ended 30 June 2011 as compared with the corresponding period in 2010 because our Group subcontracted more outbound contact services to an independent subcontractor due to the fact that our capacity of contact service centres in terms workstation were highly utilized. The utilization rate of contact service centres was over 78% for the six months ended 30 June 2010 as compared with the rate of approximately 91% for the six months ended 30 June 2011. Our Group expanded our capacity by subcontracting the projects to other service providers to meet the increasing demand for our services.

The segment cost categorised as “others” increased by approximately HK$0.1 million as compared to that of the corresponding period in 2010 from approximately HK$1.3 million for the six months ended 30 June 2010 to approximately HK$1.4 million for the six months ended 30 June 2011. There were no material fluctuations in telephone line and data line rental fee and electricity and water expenses for each of the six months ended 30 June 2010 and 2011 respectively. The increase in segment cost categorised as “others” was mainly due to an increase in recruitment expenses which amounted to approximately

HK$0.2 million. The recruitment expenses increased during the six months ended 30 June 2011 as compared to that of the corresponding period in 2010 mainly because our Group increased advertising in different media channels.

Staff insourcing service

The following table sets out the segment result of staff insourcing service of our Group during the Track Record Period:

	Year ended 31 December		Six months ended 30 June	
	2009	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Segment revenue	83,734	87,994	41,212	41,227
Segment costs				
– Employee benefits				
– operating employee	75,752	80,146	36,477	36,557
– Others	1	–	–	–
	75,753	80,146	36,477	36,557
Segment results	7,981	7,848	4,735	4,670
Gross profit margin	9.5%	8.9%	11.5%	11.3%

The segment results for staff insourcing service decreased by approximately HK$0.1 million or approximately 2% from approximately HK$8.0 million for the year ended 31 December 2009 to approximately HK$7.9 million for the year ended 31 December 2010.

The decrease in segment results was mainly because the employee benefits expenses increased from approximately HK$75.8 million for the year ended 31 December 2009 to approximately HK$80.1 million for the year ended 31 December 2010. Employee benefits expenses increased as the salary of employees increased by approximately 3% to 6% during the year ended 31 December 2010 as compared to that of the previous year and the monthly average number of operating employees slightly increased from 685 for the year ended 31 December 2009 to 700 for the year ended 31 December 2010 as compared to that of the previous year.

The segment results for staff insourcing service decreased by approximately HK$65,000 for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010. This was mainly because employee benefits expenses increased from approximately HK$36.5 million for the six months ended 30 June 2010 to approximately HK$36.6 million for the six months ended 30 June 2011.

Employee benefits expenses for the six months ended 30 June 2011 increased even though the numbers of employees had reduced from a monthly average of 690 for the six months ended 30 June 2010 to a monthly average of 663 for the six months ended 30 June 2011, which was mainly due to the fact that the average salary of employees increased by approximately 3% to 6% during the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Contact service centre facilities management service

The following table sets out the segment result of contact service centre facilities management service of our Group during the Track Record Period:

	Year ended 31 December		**Six months ended 30 June**	
	2009	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Segment revenue	24,503	23,175	11,320	12,365
Segment costs				
– Employee benefits – operating employee	4,363	3,842	1,809	2,068
– Employee benefits – managerial and supportive employee	4,465	5,430	2,279	2,479
– Depreciation and amortization	2,839	2,716	1,337	1,462
– Rent and rates	2,813	2,814	1,437	1,561
– Others	2,360	3,180	1,470	1,418
	16,840	17,982	8,332	8,988
Segment results	7,663	5,193	2,988	3,377
Gross profit margin	31.3%	22.4%	26.4%	27.3%

The segment results for contact service centre facilities management service decreased by approximately HK$2.5 million or approximately 32% from approximately HK$7.7 million for the year ended 31 December 2009 to approximately HK$5.2 million for the year ended 31 December 2010. The decrease in segment results was due to the drop in revenue by approximately HK$1.3 million and the increase in segment costs by approximately HK$1.1 million during the year ended 31 December 2010 as compared to that of the year ended 31 December 2009. The decrease in segment revenue was mainly because the number of workstation leased on a monthly basis decreased from 359 for the year ended 31 December 2009 to 314 for the year ended 31 December 2010. The segment costs increased due to the increase in employee benefits expenses for managerial and supportive employees and telephone line and data line rental fees.

The decrease in operating employee benefits expenses was due to the fact that the monthly average number of employees reduced from 56 for the year ended 31 December 2009 to 46 for the year ended 31 December 2010. The costs of managerial and supportive employees increased since the average salary of managerial and supportive employees are relatively inelastic to the effect of changes in revenue.

The segment costs categorised as “others” mainly comprise telephone line and data line rental fees and electricity and water expenses. The telephone line and data line rental fees amounted to approximately HK$0.3 million for the year ended 31 December 2009 and approximately HK$0.8 million for the year ended 31 December 2010. The fees increased due to the fact that more telephone line and data lines were rented. There were no material fluctuations for the electricity and water expenses which amounted to approximately HK$0.7 million for the year ended 31 December 2009 and HK$0.8 million for the year ended 31 December 2010.

The segment results for contact service centre facilities management service increased by approximately HK$0.4 million during the six months ended 30 June 2011 as compared to that of the corresponding period in 2010 from approximately HK$3.0 million for the six months ended 30 June 2010 to approximately HK$3.4 million for the six months ended 30 June 2011. The segment results increased because the rate of increase in segment costs was far behind the rate of increase in segment revenue. Our Group recorded an increase in revenue of approximately HK$1.0 million for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010 whilst our segment costs increased by approximately HK$0.7 million during these two six-month periods.

The increase in revenue of contact service centre facilities management service was mainly because the number of monthly workstation leased out increased from a monthly average of 294 during the six months ended 30 June 2010 to a monthly average of 330 during the six months ended 30 June 2011. The increase in operating employee benefits expenses was due to the fact that the average salaries of employees increased by approximately 3% to 6% for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010. The costs of managerial and supportive employees also increased because the average salary of managerial and supportive employees increased as compared to that of the corresponding period in 2010.

The segment costs categorised as "others" mainly comprise telephone line and data line rental fees and electricity and water expenses. There were no material fluctuations for the telephone line and data line rental fees which amounted to approximately HK$0.2 million for each of the six months ended 30 June 2010 and 30 June 2011 respectively. There were also no material fluctuations for the electricity and water expenses which amounted to approximately HK$0.4 million for the six months ended 30 June 2010 and HK$0.3 million for the six months ended 30 June 2011. There was no significant variance for other expenses for each of the six months ended 30 June 2010 and 2011 respectively.

Others

The segment results for others represents the segment results for sales of system and software which amounted to approximately HK$0.2 million for the year ended 31 December 2009, and the licence fee income which amounted to approximately HK$0.4 million and approximately HK$0.5 million for each of the years ended 31 December 2009 and 2010 respectively and approximately HK$0.3 million for the six months ended 30 June 2010.

Our Group did not sell any system and software during the year ended 31 December 2010 and the six months ended 30 June 2011.

Other income

The following table sets out the breakdown of our Group's other income by nature during the Track Record Period:

	Year ended 31 December		Six months ended 30 June	
	2009	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Management fee income	182	200	148	164
Interest income from bank deposits	84	5	–	7
Sundry income	141	66	75	–
	407	271	223	171

Other income amounted to approximately HK$407,000, HK$271,000 for each of the two years ended 31 December 2009 and 2010 respectively and approximately HK$223,000 and approximately HK$171,000 for each of the six months ended 30 June 2010 and 2011 respectively.

Management fee income mainly represents the income generated from the services provided to a related company. During the Track Record Period, our Group provided business support activities to our related company, Epro Techsoft Limited, which is principally engaged in selling or reselling various software products principally in the PRC, Hong Kong and Macau.

The business support activities provided by our Group includes marketing, accounting support, administrative support, and charged management fees, which amounted to approximately HK$0.2 million for each of the two years ended 31 December 2009 and 2010 respectively and approximately HK$0.1 million and approximately HK$0.2 million for each of the six months ended 30 June 2010 and 30 June 2011 respectively. Our Group will not provide business support activities to the related company after Listing, thus we will not receive management fee income after Listing.

The interest income from bank deposits represents bank interest income.

Other gains – net

The following table sets out the net other gains of our Group by nature during the Track Record Period:

	Year ended 31 December		**Six months ended 30 June**	
	2009	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Financial assets designated as at fair value through profit or loss				
– Fair value (loss)/gain	—	(142)	(211)	33
Net foreign exchange gains	—	1,108	—	—
Loss on disposal of subsidiaries	(136)	—	—	—
Gain on acquisition of a subsidiary	2,637	—	—	—
Cumulative gain reclassified from equity to profit or loss on disposal of available-for-sale investments	—	352	352	—
	2,501	1,318	141	33

Net other gains comprises the fair value (loss)/gain of financial assets designated as at fair value through profit or loss, net foreign exchange gains, loss on disposal of subsidiaries, gain on acquisition of a subsidiary and cumulative gain reclassified from equity to profit or loss on disposal of available-for-sale investments.

The financial assets designated as at fair value through profit or loss were reduced by approximately HK$142,000 for the year ended 31 December 2010, approximately HK$211,000 for the six months ended 30 June 2010 and increased by approximately HK$33,000 for the six months ended 30 June 2011. The revaluation of the financial assets designated as at fair value through profit or loss was based on its current bid prices in an active market.

Our Group recorded net foreign exchange gains of approximately HK$1.1 million for the year ended 31 December 2010. The net foreign exchange gains were due to the appreciation of the Renminbi arising from settlement of prepayments. Our Group made payment of approximately RMB5.3 million to the subcontractor as the prepayment of the contact centre services fee. The prepayments were offset against the outstanding subcontracting fee owed to the subcontractor as at 31 December 2010. The exchange gain was incurred due to the appreciation of Renminbi.

Loss on disposal of subsidiaries represents our Group's disposal of its entire equity interests in Epro Investment Inc. (formerly known as Paging Services Inc.) and its subsidiaries, Epro Logic Limited, Epro Techsoft Limited and Shenzhen Eprotone Technology Development Co. Ltd., to the then holding company of the Epro Telecom Holdings Limited, Epro Group International Limited, for a consideration of US$2.0, equivalent to approximately HK$15.0. The aforesaid disposal was completed on 19 January 2009 and recognised a loss of approximately HK$136,000. The reason for the disposal of Epro Investment Inc. and its subsidiaries is to segment the Group's contact service centre business from the research and development business which is conducted and operated in the PRC. The consideration of US$2.0 was determined with reference to the issued share capital of Epro Investment Inc. which was US$2.0.

Gain on acquisition of a subsidiary represents the gain generated from our Group's acquisition of the entire equity interest in Epro Logic Limited, a related company, from Epro Investment Inc. for a consideration of HK$3.0 million in which the net asset of Epro Logic Limited is approximately HK$5.6 million. The reason for the acquisition of Epro Logic Limited is to facilitate the restructuring such that the ownership of WISE-xb System held by Epro Logic Limited shall vest with our Group. Our Directors consider that the WISE-xb System is an important asset of the Group, and it is appropriate for the Group to hold the ownership of WISE-xb System. The consideration of HK$3.0 million was determined based on a debt owing to our Group in the sum of HK$3.0 million by Epro Investment Inc..

The cumulative gain arising from revaluation of available-for-sale financial assets was approximately HK$352,000 which is recorded in available-for-sale investments revaluation reserves. Having reclassified the adjustment relating to available-for-sale financial assets disposed of during 2010, our Group removed the cumulative gain of approximately HK$352,000 from available-for-sale investments revaluation reserves for the year ended 31 December 2010.

Employee benefits expenses

The employee benefits expenses represent the expenses paid to operating employees for outsourcing inbound contact service, outsourcing outbound contact service, staff insourcing service, contact service centre facilities management services and managerial and supportive employees. As at the Latest Practicable Date, our Group employed over 1,000 contact service staff. For each of the year ended 31 December 2009 and 2010, and the six months ended 30 June 2010 and the six months ended 30 June 2011, our Group's employee benefits expenses amounted to approximately HK$146.6 million, HK$148.7 million, HK$64.6 million and HK$65.8 million respectively.

Depreciation and amortization

Our Group recorded depreciation charges of approximately HK$5.8 million and approximately HK$5.7 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$2.8 million and approximately HK$2.9 million for each of the six months ended 30 June 2010 and 2011 respectively for the leasehold improvements of our rented office premises, office equipment and the amortization cost for intangible assets.

Other operating expenses

The following table sets out the breakdown of our Group's other operating expenses in the statement of comprehensive income during the Track Record Period:

	Year ended 31 December		Six months ended 30 June	
	2009	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Rent, rates, building management fee and air-conditioning charges	6,442	6,852	3,331	3,418
Subcontracting charges	4,498	5,588	2,780	3,331
Water and electricity	1,765	1,722	783	718
Telephone line and data line rental fee	1,756	1,802	781	690
Entertainment expenses	1,294	1,266	1,022	297
Travelling and subsistence	591	471	346	228
Repairs and maintenance expenses	584	352	208	187
Insourcing fee	530	–	–	–
Recruitment expenses	489	698	399	480
Printing, stationary and postage	309	321	181	165
Others *(Note)*	1,651	1,322	868	644
Total	19,909	20,394	10,699	10,158

Note:

The expenses relating to the "others" category mainly include legal and professional fees, auditors' remuneration, bank charges and insurance expenses.

Rent, rates, building management fee and air-conditioning charges

Rent, rates, building management fee and air-conditioning charges mainly represent the expenses incurred for our offices and different contact service centres. Our Group incurred approximately HK$6.4 million and approximately HK$6.9 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$3.3 million and approximately HK$3.4 million for each of the six months ended 30 June 2010 and 2011 respectively.

During the period from 1 January 2009 to 1 November 2010, our Group leased a property ("Premises") as our contact service centre from our related company, Epro BPO Services Limited ("Epro BPO") with rental fee of approximately HK$2.1 million for the year ended 31 December 2009 and approximately HK$1.8 million for the year ended 31 December 2010. Subsequent to the sale of the Premises by Epro BPO to a third party ("the Landlord"), Epro BPO entered into a tenancy agreement with the Landlord and sub-let the Premises to us as our contact service centre for the term commencing from 2 November 2010. Our Group paid the rents to the Landlord directly and did not pay any additional rents to Epro BPO since 2 November 2010. Our Group will continue to sub-lease the Premises and no additional rents will be paid to Epro BPO pursuant to a sub-lease agreement ("Sub-lease Agreement") entered into among ETS, Epro BPO and the Landlord. The sub-leasing of the Premises constitutes continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. For further details of the sub-leasing of the Premises, please refer to the sub-section headed "Sub-lease Agreement" under the section headed "Connected Transactions" in this prospectus.

Subcontracting charges

The subcontracting charges represent the fee payable to the subcontractor for providing outbound contact services to our Group. Due to the time gaps between outsourcing projects from different clients, the capacity of the contact service centres may vary according to the amount and scale of projects from time to time. Utilization rate of the Group's contact service centre was over 84% for the year ended 31 December 2009, over 83% for the year ended 31 December 2010 and over 91% for the six months ended 30 June 2011. Although our Group had approximately 10% remaining capacity in the contact service centres, we have subcontracted part of our outbound contact service to an independent subcontractor. There are different time periods and requirements for each outsourcing project and some capacity needs to be reserved for our valued clients, as such our Group needs to maintain some workstation capacity for taking up new or ad-hoc service demands as well as contingency support. Our Group has obtained consent of the clients for the subcontracting of contact services. We evaluate our subcontractor in terms of price and ability to provide the required services. The charging rate was determined based on the number of seats and number of contact service staff involved on an arm's length basis. In order to ensure the quality and standard of the subcontracted service, our Group has assigned a dedicated contact centre manager to manage and oversee the contact service of our Group at our subcontractor's contact service centre. The dedicated contact centre manager is responsible for providing training to the subcontractor's contact service staff, monitoring and managing the service performance of the subcontracted service through daily service reports and communication, as well as carrying out regular real time or off-line call monitoring with our Group's quality assurance staff. We also arrange regular on-site visits to the subcontractor's contact service centre with our clients to review the overall performance and quality of the subcontracted service.

Our Group incurred subcontracting charges of approximately HK$4.5 million and approximately HK$5.6 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$2.8 million and approximately HK$3.3 million for each of the six months ended 30 June 2010 and 2011 respectively.

Water and electricity

The water and electricity expenses amounted to approximately HK$1.8 million and approximately HK$1.7 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$0.8 million and approximately HK$0.7 million for each of the six months ended 30 June 2010 and 2011 respectively.

Telephone line and data line rental fee

Telephone line and data line rental fee represent our Group's leasing of telephone lines and data lines from outside telecommunication companies for operating our business. Our Group incurred expenses from leasing telephone lines and data lines of approximately HK$1.8 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$0.8 million for the six months ended 30 June 2010 and approximately HK$0.7 million for the six months ended 30 June 2011.

Entertainment expenses

Entertainment expenses mainly include annual dinner expenses, gifts to clients, festive celebrations and client entertainment. Our Group incurred entertainment expenses of approximately HK$1.3 million for both the year ended 31 December 2009 and 2010 respectively and approximately HK$1.0 million and approximately HK$0.3 million for each of the six months ended 30 June 2010 and 2011 respectively.

Travelling and subsistence

Travelling and subsistence expenses mainly include our employees' travelling expenses between workstations and meal allowances for business trips. We incurred travelling and subsistence expenses of approximately HK$0.6 million and approximately HK$0.5 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$0.3 million and approximately HK$0.2 million for each of the six months ended 30 June 2010 and 2011 respectively.

Repairs and maintenance expenses

Repairs and maintenance expenses represent the maintenance costs for the workstations. Our Group incurred repairs and maintenance expenses of approximately HK$0.6 million and approximately HK$0.4 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$0.2 million for each of the six months ended 30 June 2010 and 2011 respectively.

Insourcing service fee

For the year ended 31 December 2009, our Group appointed our related company, Epro Techsoft Limited to develop software system and we incurred insourcing service fee of approximately HK$0.5 million. For the year ended 31 December 2010 and the six months ended 30 June 2011, there was no software system developed and therefore we did not incur any insourcing fees.

The insourcing service fee constitutes connected transactions as defined in Chapter 20 of the GEM Listing Rules. As our Group will not continue to use such service from the Epro Techsoft Limited after Listing, we expect that such insourcing service fee will not incur after Listing.

Recruitment expenses

The recruitment expenses mainly represent advertising in magazines and participation in recruitment fairs. We incurred recruitment expenses of approximately HK$0.5 million and approximately HK$0.7 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$0.4 million and approximately HK$0.5 million for each of the six months ended 30 June 2010 and 2011 respectively.

Printing, stationary and postage

Printing, stationary and postage expenses mainly represent consumable printing materials including toners and papers, office stationary and courier charges. We incurred printing, stationary and postage expenses of approximately HK$0.3 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$0.2 million for each of the six months ended 30 June 2010 and 2011 respectively.

Finance costs

Finance costs mainly represent the interest expenses on our Group's bank borrowings and finance lease. Our Group recorded finance costs of approximately HK$1.1 million and HK$1.6 million for each of the year ended 31 December 2009 and 2010 respectively and approximately HK$0.8 million and approximately HK$0.7 million for each of the six months ended 30 June 2010 and 2011 respectively.

Income tax expense

The following table sets out the breakdown of our Group's income tax in the statement of comprehensive income during the Track Record Period:

	Year ended 31 December		Six months ended 30 June	
	2009	**2010**	**2010**	**2011**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*
	(audited)	(audited)	(unaudited)	(audited)
Provision for Hong Kong Profits Tax	2,564	2,550	1,927	1,681
Under-provision in previous years	204	27	27	–
Current income tax	2,768	2,577	1,954	1,681
Deferred income tax	(106)	(14)	23	180
	2,662	2,563	1,977	1,861

Our Group is carrying on its business in Hong Kong and is subject to Hong Kong Profits Tax in respect of its profits arising in or derived from its business in Hong Kong. Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for each of the Track Record Periods.

Profit for the year/period

Taking the above factors into account, our Group's net profits for the year ended 31 December 2009 amounted to approximately HK$17.5 million and HK$13.8 million for the year ended 31 December 2010, representing a decrease in net profits of approximately HK$3.7 million or 21% during the year, and our Group's net profits for the six months ended 30 June 2010 were approximately HK$7.8 million and for the six months ended 30 June 2011 were approximately HK$8.1 million representing an increase in net profits of approximately HK$0.3 million or 4% during the period.

YEAR ENDED 31 DECEMBER 2010 COMPARED TO YEAR ENDED 31 DECEMBER 2009

Revenue

Outsourcing inbound contact service

The revenue for outsourcing inbound contact service decreased by approximately HK$3.7 million or approximately 29% from approximately HK$12.6 million for the year ended 31 December 2009 to approximately HK$8.9 million for the year ended 31 December 2010. The main reason for the decline in revenue for outsourcing inbound contact service was due to the expiry of the contract of one of our major projects during the year ended 31 December 2009. The higher average monthly fee in 2009 was generated from a major inbound program that expired during the year ended 31 December 2009. As a result, our revenue decreased by approximately HK$3.7 million for the year ended 31 December 2010 as compared to that of the previous year.

Outsourcing outbound contact service

The revenue for outsourcing outbound contact service increased by approximately HK$2.1 million or approximately 3% from approximately HK$68.5 million for the year ended 31 December 2009 to approximately HK$70.6 million for the year ended 31 December 2010. The main reason for the increase in revenue for outsourcing outbound contact service was because our Group benefited from the growth of business from the existing clients, particularly for the banking and financial services industry and insurance industry. We recorded approximately 24% and approximately 11% increase in revenue for outsourcing outbound service for banking and financial contact services industry and insurance industry respectively for each of the year ended 31 December 2009 and 2010 respectively.

Staff insourcing service

The revenue for staff insourcing service increased by approximately HK$4.3 million or approximately 5% from approximately HK$83.7 million for the year ended 31 December 2009 to approximately HK$88.0 million for the year ended 31 December 2010. It was mainly because our Group benefited from the increased demand of the service.

Contact service centre facilities management service

The revenue for contact service centre facilities management service decreased by approximately HK$1.3 million or approximately 5% from approximately HK$24.5 million for the year ended 31 December 2009 to approximately HK$23.2 million for the year ended 31 December 2010, primarily because the number of workstations leased decreased from a monthly average of 359 for the year ended 31 December 2009 to a monthly average of 314 for the year ended 31 December 2010.

Others

The revenue for others decreased by approximately HK$0.8 million or approximately 62% from approximately HK$1.3 million for the year ended 31 December 2009 to approximately HK$0.5 million for the year ended 31 December 2010, primarily because our Group did not sell the WISE-xb System for the year ended 31 December 2010.

On the other hand, our licence fee income increased by approximately HK$0.1 million from approximately HK$0.4 million for the year ended 31 December 2009 to approximately HK$0.5 million for the year ended 31 December 2010. The increase in licence fee income was due to the sales of the WISE-xb System product generated from our related company, Epro Techsoft increased and hence the licence fee income received from Epro Techsoft increased.

Other income

The other income decreased by approximately HK$136,000 or approximately 33% of the total other income from approximately HK$407,000 for the year ended 31 December 2009 to approximately HK$271,000 for the year ended 31 December 2010. The decrease in other income was attributable to the decrease in interest income and sundry income by approximately HK$79,000 and approximately HK$75,000 respectively and offset by the increase in management fee income by approximately HK$18,000 for the year ended 31 December 2010.

Management fee income increased by approximately HK$18,000 from approximately HK$182,000 for the year ended 31 December 2009 to approximately HK$200,000 for the year ended 31 December 2010. It was mainly due to business supporting services provided by the Group to its related Company, Epro Techsoft Limited, which increased during the year ended 31 December 2010 as compared to that of the previous year.

Interest income decreased by approximately HK$79,000 from approximately HK$84,000 for the year ended 31 December 2009 to approximately HK$5,000 for the year ended 31 December 2010. The decrease in interest income was mainly due to the decrease in interest rate for the bank deposits.

Other gains – net

The net other gains decreased by approximately HK$1.2 million or approximately 47% of the total net other gains from approximately HK$2.5 million for the year ended 31 December 2009 to approximately HK$1.3 million for the year ended 31 December 2010. The decrease in net other gains was mainly attributable to our Group's net gain on acquisition and disposal of subsidiaries amounting to approximately HK$2.5 million for the year ended 31 December 2009; and no gain or loss was recognised for acquisition or disposal of the subsidiaries for the year ended 31 December 2010.

Employee benefits expenses

The following table sets out the employee benefits expenses of our Group by business units for each of the year ended 31 December 2009 and 2010 respectively:

	Year ended 31 December	
	2009	**2010**
	HK$'000	*HK$'000*
	(audited)	(audited)
Outsourcing inbound contact service	7,896	4,769
Outsourcing outbound contact service	38,934	41,057
Staff insourcing service	75,752	80,146
Contact service centre facilities management service	4,363	3,842
Managerial and supportive employee	19,652	18,921
Total	146,597	148,735

The following table sets out the number of employees of our Group on a monthly average basis by business units for each of the year ended 31 December 2009 and 2010 respectively:

	Year ended 31 December	
	2009	**2010**
Outsourcing inbound contact service	70	47
Outsourcing outbound contact service	354	360
Staff insourcing service	685	700
Contact service centre facilities management service	56	46
Managerial and supportive employee	67	58
Total	1,232	1,211

Outsourcing inbound contact service

The employee benefits expenses for outsourcing inbound contact service were approximately HK$7.9 million and approximately HK$4.8 million for each of the year ended 31 December 2009 and 2010 respectively. The decrease in employee benefits expenses for outsourcing inbound contact service was mainly due to the expiry of the contract of one of our major projects during the year ended 31 December 2009. The higher average monthly fee in 2009 was generated from a major inbound program that expired in the year ended 31 December 2009. Our Group reduced the number of operating employees from a monthly average of 70 for the year ended 31 December 2009 to a monthly average of 47 for the year ended 31 December 2010. As a result, the employee benefits expenses for operating employee decreased by approximately HK$3.1 million for the year ended 31 December 2010 as compared to that of the previous year.

Outsourcing outbound contact service

The employee benefits expenses for outsourcing outbound contact service increased by approximately HK$2.1 million or approximately 5% from approximately HK$38.9 million for the year ended 31 December 2009 to approximately HK$41.1 million for the year ended 31 December 2010.

The number of employees was maintained at similar level from a monthly average of 354 for the year ended 31 December 2009 to a monthly average of 360 for the year ended 31 December 2010. Employee benefits expenses increased mainly due to the increase of the salary of the employees of approximately 3% to 6% during the year ended 31 December 2010 as compared to that of the previous year.

Staff insourcing service

The employee benefits expenses for staff insourcing service increased by approximately HK$4.4 million or approximately 6% from approximately HK$75.8 million for the year ended 31 December 2009 to approximately HK$80.1 million for the year ended 31 December 2010.

For the year ended 31 December 2010, our Group recorded a growth of revenue for staff insourcing service by approximately 5% as compared to that of the previous year. In response to the growth of service, our Group hired more employees for staff insourcing service and the number of employees increased from a monthly average of 685 for the year ended 31 December 2009 to a monthly average of 700 for the year ended 31 December 2010. In addition, the salaries of employees for staff insourcing service increased by approximately 3% to 6% for the year ended 31 December 2010. As a result, the employee benefits expenses for staff insourcing service increased during the year ended 31 December 2010 as compared to that of the previous year.

Contact service centre facilities management service

The employee benefits expenses for contact service centre facilities management service were approximately HK$4.4 million and HK$3.8 million for each of the year ended 31 December 2009 and 2010 respectively.

Our Group reduced our number of employees for contact service centre facilities management service from a monthly average of 56 for the year ended 31 December 2009 to a monthly average of 46 for the year ended 31 December 2010. As a result, the employee benefits expenses for contact service centre facilities management service decreased during the year ended 31 December 2010.

Managerial and supportive employee

The employee benefits expenses for managerial and supportive employee decreased by approximately HK$0.7 million or approximately 4% from approximately HK$19.7 million for the year ended 31 December 2009 to approximately HK$18.9 million for the year ended 31 December 2010. The decrease in managerial and supportive employee benefits expenses was primarily due to the fact that the number of employees decreased from a monthly average of 67 for the year ended 31 December 2009 to a monthly average of 58 in for the ended 31 December 2010.

Depreciation and amortization

The depreciation and amortization decreased by approximately HK$0.1 million or approximately 2% from approximately HK$5.8 million for the year ended 31 December 2009 to approximately HK$5.7 million for the year ended 31 December 2010. The depreciation charges for the year ended 31 December 2010 remained at a similar level as compared to that of the previous year.

Other operating expenses

The following table sets out the details of other operating expenses for each of the year ended 31 December 2009 and 2010 respectively:

	Year ended 31 December	
	2009	**2010**
	HK$'000	*HK$'000*
	(audited)	(audited)
Rent, rates, building management fee and air-conditioning charges	6,442	6,852
Subcontracting charges	4,498	5,588
Water and electricity	1,765	1,722
Telephone line and data line rental fee	1,756	1,802
Entertainment expenses	1,294	1,266
Travelling and subsistence	591	471
Repairs and maintenance expenses	584	352
Insourcing fee	530	–
Recruitment expenses	489	698
Printing, stationary and postage	309	321
Others	1,651	1,322
Total	19,909	20,394

Other operating expenses increased by approximately HK$0.5 million or approximately 2% from approximately HK$19.9 million for the year ended 31 December 2009 to approximately HK$20.4 million for the year ended 31 December 2010.

Rent, rates, building management fee and air-conditioning charges

Our Group incurred rent, rates, building management fee and air-conditioning charges of approximately HK$6.4 million and approximately HK$6.9 million for each of the year ended 31 December 2009 and 2010 respectively. Our Group paid the rental expenses for one of our contact service centres to our related company, Epro BPO Services Limited, amounted to approximately HK$2.1 million and approximately HK$1.8 million for each of the year ended 31 December 2009 and 2010 respectively. The expense increased by approximately HK$0.4 million during the year ended 31 December 2010 as compared to that of the previous year mainly due to the administration office was reallocated to a commercial building with a higher rent charge.

Subcontracting charges

The subcontracting charges increased by approximately HK$1.1 million or approximately 24% from approximately HK$4.5 million for the year ended 31 December 2009 to approximately HK$5.6 million for the year ended 31 December 2010. The increase in the subcontracting charges was mainly due to the fact that our capacity for providing outbound contact service was highly utilized. We recorded utilization rate of contact service centre of approximately 84% for the year ended 31 December 2009 and approximately 83% for the year ended 31 December 2010. In order to maintain a cushion buffer of workstation capacity for taking up new or ad-hoc service demands as well as contingency support, our Group subcontracted part of our outbound contact service to an independent subcontractor.

Water and electricity

Our Group incurred water and electricity expenses which amounted to approximately HK$1.8 million for the year ended 31 December 2009 and approximately HK$1.7 million for the year ended 31 December 2010. The expenses decreased by approximately HK$0.1 million or approximately 2% of the total water and electricity expenses because the usage of water and electricity decreased.

Telephone line and data line rental fee

Our Group incurred similar telephone line and data line rental fee which amounted to approximately HK$1.8 million for each of the year ended 31 December 2009 and 2010 respectively mainly because our Group rented a similar number of telephone lines and data lines for each of the year ended 31 December 2009 and 2010.

Entertainment expenses

Entertainment expenses were kept in a similar level for each of the year ended 31 December 2009 and 2010.

Travelling and subsistence

The travelling and subsistence expenses were kept in a similar level for each of the year ended 31 December 2009 and 2010.

Repairs and maintenance expenses

Our Group incurred repairs and maintenance expenses of approximately HK$0.6 million and approximately HK$0.4 million for each of the year ended 31 December 2009 and 2010 respectively. The expenses decreased by approximately HK$0.2 million or approximately 40% because maintenance cost for contact service centres and offices decreased during the year.

Insourcing service fee

For the year ended 31 December 2009, our Group employed our related company, Epro Techsoft Limited as our vendor to develop software system and we incurred insourcing service fee of approximately HK$0.5 million. Our Group did not employ any vendor during the year ended 31 December 2010, therefore we did not incur any insourcing fees for the year ended 31 December 2010 as compared to that of the previous year.

Recruitment expenses

We incurred recruitment expenses of approximately HK$0.5 million for the year ended 2009 and approximately HK$0.7 million for the year ended 31 December 2010. The increase in recruitment expenses of approximately HK$0.2 million for the year ended 31 December 2010 was mainly due to the increase in advertising on other media as compared to that of the previous year.

Printing, stationary and postage

There was no significant variance on printing, stationary and postage expenses for each of the year ended 31 December 2009 and 2010.

Finance costs

Our Group recorded finance costs of approximately HK$1.1 million and HK$1.6 million for each of the year ended 31 December 2009 and 2010 respectively. The increase in finance costs by approximately HK$0.5 million for the year ended 31 December 2010 as compared to that of the previous year was mainly due to the increase in effective interest rates of our bank borrowings from 3.5% to 7.0% per annum for the year ended 31 December 2009 to 5.0% to 7.0% per annum for the year ended 31 December 2010.

Income tax expenses

The income tax expenses decreased by approximately HK$0.1 million or approximately 4% from approximately HK$2.7 million for the year ended 31 December 2009 to approximately HK$2.6 million for the year ended 31 December 2010. The decrease in income tax expenses was mainly due to the decrease in our profit before tax from HK$20.2 million for the year ended 31 December 2009 to approximately HK$16.3 million for the year ended 31 December 2010.

Profit for the year

As a result of the foregoing, our Group's net profits for the year ended 31 December 2009 were approximately HK$17.5 million and for the year ended 31 December 2010 were approximately HK$13.8 million, representing a decrease of net profits of approximately HK$3.7 million or approximately 21% for the year ended 31 December 2010 as compared to that of the previous year.

The net profit margin decreased from approximately 9% for the year ended 2009 to approximately 7% for the year ended 31 December 2010. The decrease in net profit and net profit margin is mainly attributable to i) decrease in other gains on a net basis, ii) increase in employee benefit expenses, iii) increase in other operating expenses and iv) increase in finance costs. Although the revenue increased by approximately HK$0.4 million, the reduction effect on net profit margin was offset by the increase of employee benefit expenses and other operating expenses.

SIX MONTHS ENDED 30 JUNE 2011 COMPARED TO SAME PERIOD IN 2010

Revenue

Outsourcing inbound contact service

The revenue for outsourcing inbound contact service increased by approximately HK$0.2 million or approximately 5% from approximately HK$3.8 million for the six months ended 30 June 2010 to approximately HK$4.0 million for the six months ended 30 June 2011. The increase in revenue of outsourcing inbound contact service was due to the expansion of our existing clients. As a result, our revenue increased by approximately HK$0.2 million for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Outsourcing outbound contact service

The revenue for outsourcing outbound contact service increased slightly by approximately HK$0.1 million or approximately 0.4% from approximately HK$31.7 million for the six months ended 30 June 2010 to approximately HK$31.8 million for the six months ended 30 June 2011. Such slight increase was due to the decrease in the unit rate of the call for the period ended 30 June 2011 as compared to that of the corresponding period in 2010.

Staff insourcing service

The revenue of the staff insourcing service remained at a similar level which amounted to approximately HK$41.2 million for both the six months ended 30 June 2010 and 2011.

Contact services centre facilities management services

The revenue for contact service centre facilities management service increased by approximately HK$1.0 million or approximately 9% from approximately HK$11.3 million for the six months ended 30 June 2010 to approximately HK$12.4 million for the six months ended 30 June 2011. It was mainly due to the increase in number of workstations leased from a monthly average of 294 for the six months ended 30 June 2010 to a monthly average of 330 for the six months ended 30 June 2011.

Others

For the six months ended 30 June 2010, we recorded revenue from others which amounted to approximately HK$0.3 million representing licence fee income from the sales of the WISE-xb System product generated from our related company, Epro Techsoft pursuant to the Software OEM Distributorship Agreement. For the six months ended 30 June 2011, no licence fee income was recorded by our Group as Epro Techsoft did not have sales of WISE-xb System during the period.

Other income

Other income decreased by approximately HK$52,000 or approximately 23% of the total other income from approximately HK$223,000 for the six months ended 30 June 2010 to approximately HK$171,000 for the six months ended 30 June 2011. This was because our Group did not receive any sundry income during the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Other gains – net

The net other gains decreased by approximately HK$108,000 from approximately HK$141,000 for the six months ended 30 June 2010 to approximately HK$33,000 for the six months ended 30 June 2011. The decrease in net other gains was mainly attributable to our Group's net gain on the cumulative gain arising from revaluation of available-for-sale financial assets of approximately HK$352,000 which was recorded in available-for-sale investments revaluation reserves. Having reclassified the adjustment relating to available-for-sale financial assets disposed of during the six months ended 30 June 2010, our Group removed the cumulative gain of approximately HK$352,000 from available-for-sale investments revaluation reserves for the six months ended 30 June 2010.

Employee benefits expenses

The following table sets out the employee benefits expenses of our Group by business units for each of the six months ended 30 June 2010 and 2011 respectively:

	Six months ended 30 June	
	2010	**2011**
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Outsourcing inbound contact service	1,796	1,933
Outsourcing outbound contact service	16,716	17,276
Staff insourcing service	36,477	36,557
Contact service centre facilities management service	1,809	2,068
Managerial and supportive employee	7,777	7,959
Total	64,575	65,793

The following table sets out the average number of employees of our Group by business units for each of the six months ended 30 June 2010 and 2011 respectively:

	Six months ended 30 June	
	2010	**2011**
Outsourcing inbound contact service	38	43
Outsourcing outbound contact service	341	369
Staff insourcing service	690	663
Contact service centre facilities management service	46	45
Managerial and supportive employee	50	55
Total	1,165	1,175

Outsourcing inbound contact service

The employee benefits expenses for outsourcing inbound contact service were approximately HK$1.8 million and approximately HK$1.9 million for each of the six months ended 30 June 2010 and 2011 respectively.

Our Group increased the number of operating employees from a monthly average of 38 for the six months ended 30 June 2010 to a monthly average of 43 for the six months ended 30 June 2011 to cope with the increase in demand for the services. As a result, the employee benefits expenses for operating employees increased by approximately HK$0.1 million for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Outsourcing outbound contact service

The employee benefits expenses for outsourcing outbound contact service increased by approximately HK$0.6 million from approximately HK$16.7 million for the six months ended 31 December 2009 to approximately HK$17.3 million for the six months ended 30 June 2011.

The number of employees increased from a monthly average of 341 for the six months ended 30 June 2010 to a monthly average of 369 for the six months ended 30 June 2011. Employee benefits expenses increased because the salary of the employees increased by approximately 3% to approximately 6% during the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Staff insourcing service

The employee benefits expenses for staff insourcing service remained stable and amounted to approximately HK$36.5 million and approximately HK$36.6 million for each of the six months ended 30 June 2010 and 2011 respectively.

Contact service centre facilities management service

The employee benefits expenses for contact service centre facilities management service decreased by approximately HK$0.3 million from approximately HK$1.8 million for the six months ended 30 June 2010 to approximately HK$2.1 million for six months ended 30 June 2011.

The number of employees decreased slightly from a monthly average of 46 for the six months ended 30 June 2010 to a monthly average of 45 for the six months ended 30 June 2011. The increase in the employee benefits expenses was mainly because the salary of the employees increased generally by approximately 3% to 5% for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Managerial and supportive employee

The employee benefits expenses for managerial and supportive employee increased by approximately HK$0.2 million from approximately HK$7.8 million for the six months ended 30 June 2010 to approximately HK$8.0 million for the six months ended 30 June 2011. The increase in managerial and supportive employee benefits expenses was primarily due to the fact that the number of employees increased from a monthly average of 50 for the six months ended 30 June 2010 to a monthly average of 55 in for the six months ended 30 June 2011. Moreover, the average salary of the employees increased by approximately 3% to 5% during the period. As a result the employee benefits expenses increased.

Depreciation and amortization

There were no material fluctuations for depreciation and amortization expenses for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010. The depreciation and amortization increased by approximately HK$0.1 million or approximately 3% from approximately HK$2.8 million for the six months ended 30 June 2010 to approximately HK$2.9 million for the six months ended 30 June 2011.

Other operating expenses

The following table sets out the details of other operating expenses for each of the six months ended 30 June 2010 and 2011 respectively:

	Six months ended 30 June	
	2010	**2011**
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Rent, rates, building management fee and air-conditioning charges	3,331	3,418
Subcontracting charges	2,780	3,331
Water and electricity	783	718
Telephone line and data line rental fee	781	690
Entertainment expenses	1,022	297
Travelling and subsistence	346	228
Repairs and maintenance expenses	208	187
Recruitment expenses	399	480
Printing, stationary and postage	181	165
Others	868	644
Total	10,699	10,158

The other operating expenses decreased by approximately HK$0.5 million or approximately 5% from approximately HK$10.7 million for the six months ended 30 June 2010 to approximately HK$10.2 million for the six months ended 30 June 2011.

Rent, rates, building management fee and air-conditioning charges

Our Group incurred rent, rates, building management fee and air-conditioning charges which amounted to approximately HK$3.3 million and approximately HK$3.4 million for each of the six months ended 30 June 2010 and 2011 respectively. The expenses remained stable for both of the six months ended 30 June 2010 and 2011.

Subcontracting charges

Our Group incurred subcontracting charges which amounted to approximately HK$2.8 million and approximately HK$3.3 million for each of the six months ended 30 June 2010 and 2011 respectively. The charges increased by approximately HK$0.5 million for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010. The increase in the charges was mainly due to the fact that our capacity for providing outbound contact service were highly utilized. The utilization rate of contact service centre was over 78% for the six months ended 30 June 2010 and over 91% for the six months ended 30 June 2011.

Subcontracting charges increased by approximately HK$0.5 million for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010 due to a higher charging rate offered by the subcontractor and the appreciation of the Renminbi. Our Group settled the subcontracting charges by Renminbi which had appreciated during the six months ended 30 June 2011 as compared to that of the corresponding period in 2010, as a result, the subcontracting charges increased.

Water and electricity

Our Group incurred water and electricity expenses which amounted to approximately HK$0.8 million for the six months ended 30 June 2010 and approximately HK$0.7 million for the six months ended 30 June 2011. The expenses decreased by approximately HK$0.1 million because the usage of water and electricity decreased.

Telephone line and data line rental fee

Our Group incurred telephone line and data line rental fee expenses which amounted to approximately HK$0.8 million for the six months ended 30 June 2010 and approximately HK$0.7 million for the six months ended 30 June 2011. The expenses were relatively stable during both periods because we maintained a similar level of telephone lines and data lines for both the six months ended 30 June 2010 and 2011.

Entertainment expenses

Entertainment expenses dropped significantly by approximately HK$0.7 million from approximately HK$1.0 million for the six months ended 30 June 2010 to approximately HK$0.3 million for the six months ended 30 June 2011, and this was mainly due to our Group's reduction in entertainment activities such as annual dinners.

Travelling and subsistence

There was no significant variance for travelling and subsistence expenses as compared to that of the corresponding period in 2010. We incurred approximately HK$0.3 million and approximately HK$0.2 million of travelling and subsistence expenses for each of the six months ended 30 June 2010 and 2011 respectively.

Repairs and maintenance expenses

Our Group incurred repairs and maintenance expenses which amounted to approximately HK$0.2 million for each of the six months ended 30 June 2010 and 2011 respectively. There were no significant fluctuations for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Recruitment expenses

We incurred recruitment expenses of approximately HK$0.4 million for the six months ended 30 June 2010 and approximately HK$0.5 million for the six months ended 30 June 2011. The recruitment expenses increased by approximately HK$0.1 million and this was mainly due to an increase in advertising on other media for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010.

Printing, stationary and postage

Our printing, stationary and postage expenses remained at a similar level, and amounted to approximately HK$0.2 million, for each of the six months ended 30 June 2010 and 2011 respectively.

Finance costs

Finance costs decreased by approximately HK$0.1 million for the six months ended 30 June 2011 as compared to that of the corresponding period in 2010 because we decreased bank borrowings during the period.

Income tax expense

The income tax expense decreased slightly by approximately HK$0.1 million from approximately HK$2.0 million for the six months ended 30 June 2010 to approximately HK$1.9 million for the six months ended 30 June 2011.

Profit for the period

As a result of the foregoing, our Group's net profit was approximately HK$7.8 million for the six months ended 30 June 2010 and approximately HK$8.1 million for the six months ended 30 June 2011 representing an increase in net profit of approximately HK$0.3 million. The increase in net profit was mainly due to the reduction of our other operating expenses during the period.

In view of the expenses relating to the Listing which amounts to approximately HK$15 million, part of which is expected to be recognised in the six months ending 31 December 2011, the total expenses of our Group for the six months ending 31 December 2011 will be likely to increase significantly as compared to that for the six months ended 30 June 2011, and the corresponding six month period in the previous financial year. Net profit for the six months ending 31 December 2011 might also be negatively affected.

It is expected that other than the expenses relating to the Listing, there will be no significant changes to the Group's operations or business which will negatively affect the Group's profitability for the financial year ending 31 December 2011.

LIQUIDITY AND CAPITAL RESOURCES

Our Group has historically met its working capital and other capital requirements principally from cash provided by its operations and cash at hand, while raising the remainder of its capital requirements through bank borrowings. As at 31 December 2009 and 31 December 2010 and 30 June 2011, our Group had net current assets of approximately HK$28.1 million, approximately HK$27.1 million and approximately HK$36.0 million, respectively. The current assets primarily comprised trade and other receivables, financial assets designated as at fair value through profit or loss, amounts due from related companies, pledged bank deposits and cash and cash equivalents. The current liabilities primarily comprised trade and other payables, short-term bank and other borrowings and income tax payable.

Cash flows

The following table sets forth certain information regarding our Group's combined cash flows for the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2009	2010	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(audited)
Net cash generated from/(used in) operating activities	34,003	26,804	(9,050)	(1,237)
Net cash (used in)/generated from investing activities	(7,588)	(1,486)	1,595	(2,311)
Net cash used in financing activities	(9,959)	(19,967)	(5,798)	(5,609)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	16,456	5,351	(13,253)	(9,157)
Cash, cash equivalents and bank overdrafts at the beginning of year/period	4,469	20,925	20,925	26,276
Cash, cash equivalents and bank overdrafts at the end of year/period	20,925	26,276	7,672	17,119

Cash flow from operating activities

We derive our cash inflow from operation principally from the receipts for our services income. Our cash outflow from operations is principally for payment of staff costs and rents.

For the six months ended 30 June 2011, we recorded net cash outflow from operating activities of approximately HK$1.2 million which was primarily contributed by operating profit before changes in working capital of approximately HK$13.6 million for the six months ended 30 June 2011. The net cash outflow resulted from a decrease in trade and other payables of approximately HK$9.7 million which was mainly due to payment of year ended bonus to employees. There was also an increase in amounts due from related companies of approximately HK$6.4 million. The cash outflows were partially offset by a decrease in trade and other receivables of approximately HK$1.3 million.

For the year ended 31 December 2010, we recorded net cash inflow from operating activities of approximately HK$26.8 million, which primarily comprised operating profit before changes in working capital of approximately HK$23.5 million and adjusted for net working capital inflow of approximately HK$6.7 million. The net working capital inflow was due to the decrease in amounts due from related companies of approximately HK$13.7 million. This was partially offset by the increase in trade and other receivables of approximately HK$2.4 million, the decrease in trade and other payables of approximately HK$1.2 million, the increase in financial assets designated as at fair value through profit or loss of approximately HK$3.3 million and payment of income tax expense of approximately HK$3.4 million.

For the six months ended 30 June 2010, we recorded net cash outflow from operating activities of approximately HK$9.1 million which was primarily contributed by operating profit before changes in working capital of approximately HK$13.4 million for the six months ended 30 June 2010. The net cash outflow resulted from a decrease in trade and other payables of approximately HK$8.8 million which was mainly due to payment of year ended bonus to employees, the increase in amounts due from related companies of approximately HK$13.8 million and the increase in financial asset designated as at fair value through profit or loss of approximately HK$3.3 million. The cash outflows were partially offset by a decrease in trade and other receivables of approximately HK$3.8 million.

For the year ended 31 December 2009, we recorded net cash inflow from operating activities of approximately HK$34.0 million, which comprised operating profit before changes of in working capital of approximately HK$24.5 million and adjusted for net working capital inflow of approximately HK$11.0 million. The net working capital inflow was a result of the increase in amounts due to related companies of approximately HK$6.8 million, the increase in trade and other payables of approximately HK$1.8 million and the decrease in amounts due from related companies of approximately HK$3.2 million. This was partially offset by the increase in trade and other receivables of approximately HK$1.3 million.

Cash flow from investing activities

We derive our cash inflow from investing activities primarily from the proceeds from disposal of available-for-sale financial assets and interest income. Our cash outflow from investing activities is primarily for the acquisition of property, plant and equipment, additions of intangible assets and acquisition of other investments.

Net cash used in investing activities was approximately HK$2.3 million for the six months ended 30 June 2011. This was primarily due to the acquisition of property, plant and equipment of approximately HK$1.1 million and additions of intangible assets of approximately HK$1.3 million.

Net cash used in investing activities was approximately HK$1.5 million for the year ended 31 December 2010. This was primarily due to the acquisition of property, plant and equipment of approximately HK$2.7 million, additions of intangible assets of approximately HK$2.4 million and increase in pledged bank deposit of approximately HK$1.2 million. This was partially offset by the proceeds from disposal of available-for-sale financial assets of approximately HK$4.6 million, and net cash inflows on acquisition of subsidiary of approximately HK$0.2 million.

Net cash generated from investing activities was approximately HK$1.6 million for the six months ended 30 June 2010. This was primarily due to the acquisition of property, plant and equipment of approximately HK$0.9 million, additions of intangible assets of approximately HK$1.2 million and increase in pledged bank deposit of approximately HK$1.2 million. This was partially offset by the proceeds from disposal of available-for-sale financial assets of approximately HK$4.6 million and net cash inflows an acquisition of a subsidiary of approximately HK$0.2 million.

Net cash used in investing activities was approximately HK$7.6 million for the year ended 31 December 2009. This was primarily due to the acquisition of a subsidiary of approximately HK$3.0 million, purchase of property, plant and equipment of approximately HK$2.1 million and additions of intangible assets of approximately HK$2.1 million.

Cash flow from financing activities

We derive our cash inflow from financing activities primarily from the new bank loans. Our cash outflow from financing activities is principally due to repayment of bank loans and interests and payment of dividends.

For the six months ended 30 June 2011, we recorded net cash used in financing activities of approximately HK$5.6 million. The cash outflow mainly represented the payment of loan interest of approximately HK$0.7 million, net repayment of bank borrowings of approximately HK$4.2 million and net repayment of finance lease liabilities of approximately HK$0.7 million.

For the year ended 31 December 2010, we recorded net cash used in financing activities of approximately HK$20.0 million. The cash outflow mainly represented the payment of dividends of approximately HK$19.0 million, payment of loan interest of approximately HK$1.6 million and net repayment of finance lease liabilities of approximately HK$1.1 million. This was partially offset by the net increase in bank loans of approximately HK$1.8 million.

For the six months ended 30 June 2010, we recorded net cash used in financing activities of approximately HK$5.8 million. The cash outflow mainly represented the payment of loan interest of approximately HK$0.8 million, net repayment of bank borrowings of approximately HK$4.6 million and net repayment of finance lease liabilities of approximately HK$0.3 million.

For the year ended 31 December 2009, we recorded net cash used in financing activities of approximately HK$10.0 million. The cash outflow represented the payment of dividends of approximately HK$20.0 million, payment of loan interest of approximately HK$1.1 million and net repayment of finance lease liabilities of approximately HK$1.6 million. This was offset by the net receipts from new bank loans of approximately HK$12.8 million.

INDEBTEDNESS

As of the close of business on 31 October 2011, being the latest practicable date for the purpose of this indebtedness statement, our Group had outstanding bank borrowings of approximately HK$18.7 million. As at 31 October 2011, our Group had a total of available banking facilities of approximately HK$37.6 million and unutilized balance of approximately HK$18.9 million.

The following table sets forth our indebtedness as at the end of each reporting period:

	As at 31 December		**As at 30 June**	**As at 31 October**
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)
Non-Current				
Finance lease liabilities	803	228	190	163
Current				
Bank overdrafts	1,687	357	–	–
Bank borrowings	16,962	18,719	14,537	18,500
Finance lease liabilities	1,398	877	218	78
	20,047	19,953	14,755	18,578
Total borrowings	20,850	20,181	14,945	18,741

Bank overdrafts

The balance for bank overdrafts decreased from approximately HK$1.7 million as at 31 December 2009 to approximately HK$0.4 million as at 31 December 2010 because we raised additional loans to support our daily operations resulting in less need for bank overdrafts. As at 30 June 2011 and as at 31 October 2011, the balance for bank overdrafts were zero.

Our Group's bank overdrafts bore interest rates per annum ranging from Hong Kong dollar prime rate plus 1.50% per annum, 0.50% to 1.00% per annum and 0.50% to 1.00% per annum as at 31 December 2009, 31 December 2010 and 30 June 2011 respectively.

Bank borrowings

The secured bank borrowings are analysed as follows:

	As at 31 December		**As at 30 June**
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	9,398	7,031	4,664
More than 1 year but not more than 2 years	3,988	3,461	3,340
More than 2 years but not more than 5 years	3,576	8,227	6,533
	16,962	18,719	14,537

The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignores the effect of any repayment on demand clause.

The balance of bank borrowings increased from approximately HK$17.0 million as at 31 December 2009 to approximately HK$18.7 million as at 31 December 2010 because we raised additional loans to support our daily operations. Our bank borrowings balance dropped to approximately HK$14.5 million as at 30 June 2011 because we recorded net repayment of bank borrowings of approximately HK$4.2 million. As at 31 October 2011, our bank borrowings balance was approximately HK$18.5 million.

The effective interest rates of our bank borrowings ranged from 3.50% to 7.00% per annum, from 5.00% to 7.00% per annum, and 5.00% to 7.00% per annum for each of the two years ended 31 December 2009, 2010 and the six months ended 30 June 2011 respectively.

Finance lease liabilities

Finance lease liabilities represent the obligation to pay the decoration for one of our contact service centres, computer equipment and motor vehicle.

Our Group entered a non-cancellable finance lease arrangements as a decoration loan for the decoration of one of our contact service centre during 2008.

The balance decreased from approximately HK$2.2 million as at 31 December 2009 to approximately HK$1.1 million as at 31 December 2010 and this was due to the repayment of the loans. As at 30 June 2011, our remaining balance of the finance lease liabilities were approximately HK$0.4 million. As at 31 October 2011, our finance lease liabilities further dropped to HK$0.2 million since we recorded net repayment of finance lease liabilities of approximately HK$0.2 million.

Security

As at 31 October 2011, some of our Group's banking facilities and factoring facilities were secured by the following:

(i) Personal guarantees executed by Mr. Ling and Mr. Wong, the Directors, which will be fully released upon Listing;

(ii) Corporate guarantees executed by a related company, Epro Group International Limited, which will be fully released upon Listing;

(iii) The pledge of our Group's financial assets designated as at fair value through profit or loss with carrying amount of approximately HK$3,201,000;

(iv) The pledge of our Group's bank deposits with carrying amount of approximately HK$3,574,000;

(v) Proceeds in relation to our Group's certain trade receivables;

(vi) Assignment of our Group's certain trade receivables;

(vii) Guarantee by the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme; and

(viii) The pledge of our Group's computer equipment.

As at 30 June 2011, some of our Group's banking facilities and factoring facilities were secured by the following:

(i) Personal guarantees executed by Mr. Ling and Mr. Wong, the Directors, which will be fully released upon Listing;

(ii) Corporate guarantees executed by a related company, Epro Group International Limited, which will be fully released upon Listing;

(iii) The pledge of our Group's financial assets designated as at fair value through profit or loss with carrying amount of approximately HK$3,232,000;

(iv) The pledge of our Group's bank deposits with carrying amount of approximately HK$3,572,000;

(v) Proceeds in relation to our Group's certain trade receivables;

(vi) Assignment of our Group's certain trade receivables;

(vii) Guarantee by the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme; and

(viii) The pledge of our Group's computer equipment.

As at 31 December 2010, some of our Group's interest-bearing bank borrowings were secured by:

(i) Personal guarantee executed by Mr. Ling and Mr. Wong, the Directors;

(ii) Corporate guarantees executed by a related company, Epro Group International Limited, which will be fully released upon Listing;

(iii) The pledge of our Group's financial assets designated as at fair value through profit or loss with carrying amount of approximately HK$3,199,000;

(iv) The pledge of our Group's bank deposits with carrying amount of approximately HK$3,567,000;

(v) Proceeds in relation to our Group's certain trade receivables;

(vi) Assignment of our Group's certain trade receivables;

(vii) Guarantee by the Hong Kong Special Administrative Region under Special Loan Guarantee Scheme; and

(viii) The pledge of our Group's computer equipment.

As at 31 December 2009, some of our Group's interest-bearing bank borrowings were secured by:

(i) Personal guarantees executed by Mr. Ling and Mr. Wong, the Directors;

(ii) Corporate guarantees executed by a related company, Epro Group International Limited, which will be fully released upon Listing;

(iii) The pledge of our Group's unlisted unit trust funds with carrying amount of approximately HK$4,538,000;

(iv) The pledge of our Group's bank deposits with carrying amount of approximately HK$2,362,000;

(v) Proceeds in relation to our Group's certain trade receivables;

(vi) Assignment of our Group's certain trade receivables; and

(vii) Guarantee by the Hong Kong Special Administrative Region under Special Loan Guarantee Scheme.

All personal guarantees provided by Mr. Ling and Mr. Wong, the Directors, will be released or replaced by corporate guarantee upon Listing.

Save as aforesaid and apart from intra-group liabilities, we did not have any other outstanding loan capital issued and outstanding or agreed to be issued, term loans, bank overdrafts, other borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantee or other material contingent liabilities as at 30 June 2011.

Our Directors confirm that, there were no material changes in our indebtedness, contingent liabilities and net current asset position of our Group since 31 October 2011.

CAPITAL EXPENDITURES

	As at 31 December		**As at**
	2009	**2010**	**30 June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Property, plant and equipment	8,405	7,298	6,528
Intangible assets	2,806	3,290	3,457
Available-for-sale financial assets	4,538	—	—
Total	15,749	10,588	9,985

Our Group's capital expenditures comprise expenditures on property, plant and equipment, intangible assets and other non-current investments.

Property, plant and equipment

Our property, plant and equipment mainly consist of leasehold improvements, computer equipment and computer software. The net book value was approximately HK$8.4 million and approximately HK$7.3 million as at 31 December 2009 and 2010 respectively. The decrease in property, plant and equipment from approximately HK$8.4 million as at 31 December 2009 to approximately HK$7.3 million as at 31 December 2010 was mainly due to depreciation charge during the financial year. As at 30 June 2011, the net book value of property, plant and equipment was approximately HK$6.5 million.

For the six months ended 30 June 2011, our Group acquired from our related company, Epro Techsoft Limited, a software system which amounted to approximately HK$0.3 million that was classified as property, plant and equipment as at 30 June 2011. For the two years ended 31 December 2009 and 2010, our Group did not acquire any property, plant and equipment from our related company.

Intangible assets

Intangible assets mainly represent internally generated capitalized software development costs. The net book value was approximately HK$2.8 million and approximately HK$3.3 million as at 31 December 2009 and 31 December 2010 respectively. The increase in intangible assets amounted to approximately HK$0.5 million from 31 December 2009 to 31 December 2010 and was mainly due to the addition of development costs. As at 30 June 2011, the net book value of intangible assets was approximately HK$3.5 million.

Available-for-sale financial assets

Available-for-sale financial assets represent investment assets in unlisted unit trust funds at market value. The Group's investment in available-for-sales financial assets, a trust fund, was securing our banking facilities and maintaining the Group's capital value. Our Group disposed the available-for-sales financial assets because the trust fund ceased to operate. In order to maintain our banking facilities, our Group invested in another financial asset which was recorded in "Financial assets designated as at fair value through profit and loss" account.

The market value of available-for-sale financial assets was determined by the bid price offered by the banker as at the end of the reporting periods. As at 31 December 2009, the market value of available-for-sale financial assets was approximately HK$4.5 million. During the year ended 31 December 2010, we sold all of the available-for-sale financial assets and recognised approximately HK$0.4 million profits in the combined statement of comprehensive income, therefore, we recorded nil balance for available-for-sale financial assets as at 31 December 2010 and as at 30 June 2011.

Acquisitions or disposals of available-for-sale financial assets were subjected to approval by the Board. Our Directors confirm that our Group will not continue investing in available-for-sale financial assets after Listing.

COMMITMENTS

Our Group's contractual commitments are primarily related to the leases of our office premises under operating lease arrangements. During the Track Record Period, our Group's total future minimum lease payments under non-cancellable operating lease are payables as follows:

	As at 31 December		As at 30
	2009	**2010**	**June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
No later than 1 year	6,585	5,999	4,831
Later than 1 year and no later than 5 years	6,161	5,053	3,133
	12,746	11,052	7,964

NET CURRENT ASSETS

	As at 31 December		As at 30	As at 31 October
	2009	**2010**	**June 2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)
Current assets				
Trade and other receivables	30,450	33,276	32,016	39,459
Financial assets designated as at fair value through profit or loss	—	3,199	3,232	3,201
Amounts due from related companies	16,435	2,028	8,413	113
Pledged bank deposits	2,362	3,567	3,572	3,574
Cash and bank balances	22,612	26,633	17,119	7,180
	71,859	68,703	64,352	53,527
Current liabilities				
Trade and other payables	22,211	20,979	11,272	11,435
Borrowings	20,047	19,953	14,755	18,578
Amount due to a related company	—	—	—	159
Income tax payable	1,484	658	2,325	1,137
	43,742	41,590	28,352	31,309
Net current assets	28,117	27,113	36,000	22,218

At 31 December 2009, our Group had net current assets of approximately HK$28.1 million, comprising current assets of approximately HK$71.9 million and current liabilities of approximately HK$43.7 million. The current assets as at 31 December 2009 were made up of trade and other receivables of approximately HK$30.5 million, amounts due from related companies of approximately HK$16.4 million, pledged bank deposits of approximately HK$2.4 million and cash and bank balances of approximately HK$22.6 million. The current liabilities as at 31 December 2009 were made up of trade and other payables of approximately HK$22.2 million, bank borrowings of approximately HK$20.0 million and current income tax payable of approximately HK$1.5 million.

At 31 December 2010, our Group had net current assets of approximately HK$27.1 million, comprising current assets of approximately HK$68.7 million and current liabilities of approximately HK$41.6 million. The current assets as at 31 December 2010 were made up of trade and other receivables of approximately HK$33.3 million, financial assets designated as at fair value through profit or loss of approximately HK$3.2 million, amounts due from related companies of approximately HK$2.0 million, pledged bank deposits of approximately HK$3.6 million and cash and bank balances of approximately HK$26.6 million. The current liabilities as at 31 December 2010 were made up of trade and other payables of approximately HK$21.0 million, bank borrowings of approximately HK$20.0 million and current income tax payable of approximately HK$0.7 million.

At 30 June 2011, our Group had net current assets of approximately HK$36.0 million, comprising current assets of approximately HK$64.4 million and current liabilities of approximately HK$28.4 million. The current assets as at 31 December 2010 were made up of trade and other receivables of approximately HK$32.0 million, financial assets designated as at fair value through profit or loss of approximately HK$3.2 million, amounts due from related companies of approximately HK$8.4 million, pledged bank deposits of approximately HK$3.6 million and cash and bank balances of approximately HK$17.1 million. The current liabilities as at 31 December 2010 were made up of trade and other payables of approximately HK$11.3 million, bank borrowings of approximately HK$14.8 million and current income tax payable of approximately HK$2.3 million.

At 31 October 2011, our Group had net current assets of approximately HK$22.2 million, comprising current assets of approximately HK$53.5 million and current liabilities of approximately HK$31.3 million. The current assets as at 31 October 2011 were made up of trade and other receivables of approximately HK$39.4 million, financial assets designated as at fair value through profit or loss of approximately HK$3.2 million, amounts due from related companies of approximately HK$0.1 million, pledged bank deposits of approximately HK$3.6 million and cash and bank balances of approximately HK$7.2 million. The current liabilities as at 31 October 2011 were made up of trade and other payables of approximately HK$11.4 million, bank borrowings of approximately HK$18.6 million, amount due to a related company of approximately HK$0.2 million and current income tax payable of approximately HK$1.1 million. All the amount due from or to related companies will be settled before the Listing.

TRADE AND OTHER RECEIVABLES

	As at 31 December		As at 30
	2009	**2010**	**June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Trade receivables	24,898	28,542	25,382
Other receivables, deposits and prepayments	5,552	4,734	6,634
	30,450	33,276	32,016

Trade receivables

The ageing analysis of the trade receivables based on invoice date was shown as follow:

	As at 31 December		As at 30
	2009	**2010**	**June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
0 — 30 days	18,403	24,123	21,798
31 — 60 days	4,516	3,566	2,804
61 — 90 days	1,191	597	602
Over 90 days	788	256	178
	24,898	28,542	25,382

Trade receivables balances increased from approximately HK$24.9 million as at 31 December 2009 to approximately HK$28.5 million as at 31 December 2010 and was mainly due to the increase in revenue during the year. As at 30 June 2011, our trade receivables were approximately HK$25.4 million.

The past due analysis is set out below:

	As at 31 December		As at 30
	2009	**2010**	**June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
0 – 30 days	4,845	2,702	2,761
31 – 60 days	1,554	621	1,099
61 – 90 days	434	241	188
	6,833	3,564	4,048

We had approximately HK$6.8 million, approximately HK$3.6 million and approximately HK$4.0 million past due but not impaired as at 31 December 2009, 31 December 2010 and as at 30 June 2011 respectively. The past due but not impaired was related to a number of independent clients for whom there is no recent history of default. Therefore, during the Track Record Period, we did not provide any provision for trade receivables.

Internal control procedures for managing the credit risk were in place, including but not limited to evaluating the length of credit terms based on price, size of the contract, credibility and reputation of the customers yearly. Our management is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. We carry out half-yearly reviews on the credit limits and terms of our customers based on the past payment history, business scale, service nature, goodwill of the company and other factors to determine if any adjustment is needed. We maintain a comprehensive evaluation procedure, including reviewing clients' payment pattern and history of default by our Finance Department and the management. Mr. Suen Fuk Hoi, the Finance Director of our Group, is responsible for overseeing the internal control system over the trade receivables. Details of the qualifications of Mr. Suen Fuk Hoi are contained in the section "Directors, Senior Management and Staff" in this prospectus. In this regard, our Directors consider our credit risk to be significantly reduced with the internal control procedures in place and implemented.

Up to the Latest Practicable Date, approximately HK$25.3 million out of the trade receivables as at 30 June 2011, representing approximately 99.87% of the total balance, has been settled.

Other receivables, deposits and prepayments

Our other receivables, deposits and prepayments balance mainly included rental and utility deposits, insurance prepayments, staff advances and other receivables. Other receivables, deposits and prepayments balance dropped from approximately HK$5.6 million as at 31 December 2009 to approximately HK$4.7 million as at 31 December 2010 due to i) reduction of approximately HK$0.3 million in rental deposits resulting from one of our landlords having reduced one month deposit in the renewal of leasing agreement, ii) reduction of approximately HK$0.3 million in deposit for non-recurring insourcing fee for software development because we did not have software system sales for the year ended 31 December 2010 and iii) reduction of approximately HK$0.3 million in employees insurance prepayments due to less payments made in advance to the supplier. As at 30 June 2011, we recorded other receivable, deposits and prepayment which amounted to approximately HK$6.6 million.

FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets designated as at fair value through profit or loss represent the investments in unlisted notes amounted to approximately HK$3.2 million for the year ended 31 December 2010 and the six months ended 30 June 2011 respectively. The unlisted notes represent a structured financial product involving derivatives issued by an international financial institution. The Group's investment in such unlisted notes was for the purpose of maintaining the capital value and securing our banking facilities. The unlisted notes are total capital protected provided that our Group holds the unlisted notes until maturity. Our Group may receive no return and may only receive the principle amount of investment if the underlying basket of financial products do not move up. Our Group will only suffer a potential loss of the principal amount invested if our Group sells the unlisted notes prematurely back to the international financial institution which is the market maker of the unlisted notes. Our Group intends to hold the unlisted notes until maturity in September 2013 because one of the purposes for purchasing the unlisted notes was to secure our banking facilities. In this connection, our Directors consider that the nature of our investment strategy is conservative. Upon the expiry of the maturity period of the unlisted notes, our Group will not continue to invest in structured financial products. The fair value of the financial asset is based on its current bid prices in an active market provided by bank(s) in Hong Kong; and changes in fair values of the financial assets designated as at fair value through profit or loss are recorded in "other gains" in the combined statement of comprehensive income.

During the Reporting Period and up to the Latest Practicable Date, our Group has in place a treasury policies and risk control mechanisms to mitigate the impact of fluctuations in the fair values. Acquisitions or disposals of financial assets designated as at fair value through profit or loss were subject to approval by the Board of the Directors. According to our treasury policy, the nature of financial asset should be low risk and capital protected and is issued by a reputable financial institution. As confirmed by our Directors, the usual practice of having all decisions regarding acquisitions or disposals of financial assets designated as at fair value through profit or loss discussed and approved by the Board of Directors prior to the implementation of such decisions will be maintained and continued in the future.

The management monitored the investment activities by reviewing the investment report. Significant investment amounting to over 5% of the Group's current assets needs endorsement by any two executive Directors on those documents and is required to be approved by the Board of Directors. The Finance Department is responsible for the daily financial management and treasury operation of the Group. Periodic reviews are performed by the Group's Internal Control Review department.

Upon Listing, our Group will continue to adopt conservative treasury policies to maintain the capital value and to secure our banking facilities. Our executive Directors will review our Group's treasury activities on a monthly basis, and convening meetings on a quarterly basis to review the management of our Group's treasury activities.

After the Listing, Mr. Suen Fuk Hoi, the Finance Director of our Group, will continue to be responsible for overseeing the Group's investments in financial assets designated as at fair value through profit or loss and the Audit Committee will review the treasury risk compliance records on a quarterly basis. Details of the qualifications of Mr. Suen are contained in the section "Directors, Senior Management and Staff" in this prospectus. The Board will review the investment management policy of the Group from time to time, adjust the investment management policy as and when appropriate and make relevant disclosures in the annual reports of our Group.

AMOUNTS DUE FROM RELATED COMPANIES

The amounts due from related companies mainly include rental expenses paid to related companies, insourcing services fee paid to related companies, purchase of software from related companies, sales of software system to related companies, management fee income charged to related companies, licence fee income received from a related company, subcontracting fee for software technical research and development services and facilities management service fee charged to related companies.

During the year ended 31 December 2009, we paid approximately HK$2.2 million rental expenses to related companies and approximately HK$0.5 million insourcing service fee to a related company. On the other hand, we had receivables of approximately HK$0.6 million for sales of software system to a related company, approximately HK$0.2 million for provision of management services to a related company, approximately HK$0.4 million licence fee income from a related company and approximately HK$2.2 million for provision of facilities management service to a related company.

During the year ended 31 December 2010, we paid approximately HK$1.8 million rental expenses to a related company. We also paid approximately HK$1.1 million for subcontracting software technical research and development services. On the other hand, we had receivables of approximately HK$0.2 million for provision of management services to a related company and approximately HK$0.5 million licence fee income from a related company.

During the six months ended 30 June 2011, we purchased software system from a related company which amounted to approximately HK$0.3 million and received management fee income from a related company which amounted to approximately HK$0.2 million.

The balance of amounts due from related companies dropped significantly by approximately HK$14.4 million from approximately HK$16.4 million as at 31 December 2009 to approximately HK$2.0 million as at 31 December 2010 because the related companies had repaid most of the amounts due to us by cash transfer. As at 30 June 2011, the balance of amounts due from related companies was approximately HK$8.4 million.

At the Latest Practicable Date, all of the amounts due from related companies and all of the amounts due to related companies as at 30 June 2011 were fully settled.

PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure our banking facilities and trade receivable financing. The balance of pledged bank deposits increased from approximately HK$2.4 million as at 31 December 2009 to approximately HK$3.6 million as at 31 December 2010 and was mainly due to more deposits pledged to secure higher credit limit granted by the creditors. The effective interest rates on pledged bank deposits ranged from 0.01% to 0.02% per annum, from 0.01% to 0.60% per annum and from 0.01% to 0.7% per annum as at 31 December 2009 and 2010 and 30 June 2011 respectively and the maturity of these deposits ranged from 30 to 90 days.

CASH AND BANK BALANCES

Our cash and bank balances include the following:

	As at 31 December		As at 30
	2009	**2010**	**June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Cash and cash equivalents	22,612	26,633	17,119
Bank overdrafts	(1,687)	(357)	–
	20,925	26,276	17,119

The cash and bank balances increased by approximately HK$5.4 million from approximately HK$20.9 million as at 31 December 2009 to approximately HK$26.3 million mainly because we had generated approximately HK$26.8 million cash from operation during the year and used approximately HK$1.5 million and approximately HK$20.0 million for investing and financing activities respectively. As at 30 June 2011, we had cash and bank balances of approximately HK$17.1 million.

TRADE AND OTHER PAYABLES

Our trade and other payables as at 31 December 2009, 31 December 2010 and 30 June 2011 are summarised as follows:

	As at 31 December		As at 30
	2009	**2010**	**June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Trade payables	1,138	815	442
Other payables and accruals	21,073	20,164	10,830
	22,211	20,979	11,272

Trade payables

Trade payables represented the amounts payable to suppliers for provision of telephone lines services, recruitment services, printing and stationary services and numerous sundry creditors. For the year ended 31 December 2009, our Group incurred rental expenses amounting to HK$93,000 due to a related company, Paciglory Limited and as at 31 December 2009, the trade payables includes an amount of HK$93,000 due to Paciglory Limited, in which Mr. Ling Chiu Yum, a director of our Group, has indirect beneficial interests. Paciglory Limited is beneficially owned by Mr. Ling Chiu Yum and his lawful wife, Ms. Ku Ming Heung in equal proportions and is principally engaged in investment holding. The rental expenses were charged in accordance with the lease agreement. The transaction will discontinue after Listing. The balance of trade payables slightly dropped by approximately HK$0.3 million from approximately HK$1.1 million as at 31 December 2009 to approximately HK$0.8 million as at 31 December 2010 because of the decrease in telephone lines rental payable during the year.

Generally, our creditors offer 30 – 60 credit period for our Group. One of our suppliers, who sold computer software and hardware and provided maintenance services, requested for 14 days' payment term. Therefore, trade payables dropped by approximately HK$0.4 million from approximately HK$0.8 million as at 31 December 2010 to approximately HK$0.4 million as at 30 June 2011 mainly because we purchased more IT service from the supplier requiring shorter payment terms.

Mr. Suen Fuk Hoi, the Finance Director of our Group, is responsible for overseeing the internal control system over the trade payables. Details of the qualifications of Mr. Suen Fuk Hoi are contained in the section "Directors, Senior Management and Staff" in this prospectus.

At 31 December 2009 and 2010 and 30 June 2011, the ageing analysis of the trade payables based on invoice date was shown follow:

	As at 31 December		**As at 30**
	2009	**2010**	**June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
0 — 30 days	697	385	328
31 — 60 days	204	345	101
61 — 90 days	175	79	12
Over 90 days	62	6	1
	1,138	815	442

Up to the Latest Practicable Date, approximately HK$0.4 million, representing 100% of the total balance of trade payables, has been settled.

Other payables

Our other payables include the following:

	As at 31 December		As at 30
	2009	**2010**	**June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Accrued staff benefits	17,068	17,992	8,758
Customers' deposits	2,233	1,493	1,252
Others	1,772	679	820
	21,073	20,164	10,830

Other payables represented mainly accrued staff benefits, customers' deposits and others. Other payables dropped by approximately HK$1.0 million from approximately HK$21.0 million as at 31 December 2009 to approximately HK$20.0 million as at 31 December 2010 mainly due to decrease in accured year ended bonus. As at 30 June 2011, the balance of other payables was approximately HK$10.8 million. "Customers' deposits" represents the deposit received from some of our clients according to the terms of contract agreed between the client and the Group. The deposits will be refunded at the time the contract ends. Up to the Latest Practicable Date, the customers' deposit as at 30 June 2011 which amounted to approximately HK$1,252,000 has not yet been settled since the contracts are still valid.

As at 30 June 2011, the other payables dropped by approximately HK$9.3 million as compared with that as at 31 December 2010. It was mainly because no year ended bonus was provided as at 30 June 2011 as the management does not guarantee for the year ended bonus.

KEY FINANCIAL RATIOS

	As at 31 December		As at 30
	2009	**2010**	**June 2011**
Return on equity *(Note 1)*	41%	37%	18%
Return on total assets *(Note 2)*	20%	17%	11%
Current ratio *(Note 3)*	1.64	1.65	2.27
Debtors' turnover days *(Note 4)*	47.7	54.5	51.4
Gearing ratio *(Note 5)*	24%	25%	20%
Creditors' turnover days *(Note 6)*	2.6	1.8	1.1

Notes:

1. Return on equity is calculated by dividing net profit for the year/period by total equity at the end of the respective period. It recorded as a decrease from approximately 41% for the year ended 31 December 2009 to approximately 37% for the year ended 31 December 2010. The decrease was due to the net profit decreased from approximately HK$17.5 million in for the year ended 2009 to approximately HK$13.8 million for the year ended 31 December 2010. The return on equity for the six months ended 30 June 2011 was approximately 18%.

2. Return on total assets is calculated by dividing the net profit for the year/period by total assets at the end of the respective period. It recorded a decrease from approximately 20% for the year ended 31 December 2009 to approximately 17% for the year ended 31 December 2010. Such decrease was mainly because the net profit decreased from approximately HK$17.5 million in for the year ended 2009 to approximately HK$13.8 million for the year ended 31 December 2010. The return on total assets for the six months ended 30 June 2011 was approximately 11%.

3. Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective period. The current ratios have been maintained at similar level for each of the year ended 31 December 2009 and 2010. The current ratio for the six months ended 30 June 2011 was approximately 2.27.

4. For each of the year ended 31 December 2009 and 2010, debtors' turnover days equal to the trade receivables divided by revenue and multiplied by 365 days. For the six months ended 30 June 2011, debtors' turnover days equals to the trade receivables divided by revenue and multiplied by 181 days. The debtors' turnover days had been maintained in a stable level for each of the year ended 31 December 2009 and 2010 and the six months ended 30 June 2011. Having considered that our Group has a client base and there is no default history from our clients, we did not make any provision for trade receivables since it is not considered necessary to do so.

5. The gearing ratio is based on the total debt divided by the total assets. Debts are defined to include payables incurred not in the ordinary course of business. The gearing ratio increased slightly from approximately 24% as at 31 December 2009 to approximately 25% as at 31 December 2010 was mainly due to the total assets decreased from approximately HK$87.6 million as at 31 December 2009 to approximately HK$79.3 million as at 31 December 2010. For the six months ended 30 June 2011, the gearing ratio decreased to approximately 20%, this was mainly due to the amount of borrowings decreased.

6. For each of the year ended 31 December 2009 and 2010, creditors' turnover days equal to the trade payables divided by cost of sales and multiplied by 365 days. For the six months ended 30 June 2011, creditors' turnover days equals to the trade payables divided by cost of sales and multiplied by 181 days. Our creditors' turnover days had been maintained in a stable level for each of the year ended 31 December 2009 and 2010 which were approximately 2.6 days and approximately 1.8 days respectively. For the six months ended 30 June 2011, our Group purchased IT products from a supplier who granted us 14 days credit terms, therefore the creditors' turnover days are deemed to be approximately 1.1 days.

WORKING CAPITAL

Our Directors believe that after taking into account the financial resources available to us, including our available credit facilities and internally generated funds, and the estimated net proceeds of the Placing, we have sufficient working capital for our present working capital requirements for at least the next 12 months from the date of this prospectus.

MANAGEMENT PLANS TO SERVE THE INDEBTEDNESS AND CAPITAL COMMITMENTS

According to our past history, our Group generated stable cash inflow received from our clients. As such, our management is confident in maintaining a stable cash inflow from our clients. Our Group also expects that the cash inflow will increase as our Group's revenue and profit increase in the future according to our forecast.

Moreover, our Directors believe that the existing banking facilitates can cover our expected cash outflow to sustain our business. In order to serve our indebtedness, capital commitments and to meet our reasonably foreseeable cash requirements, our Directors will further negotiate with financial institutions to increase the credit line of our Group so as to increase the availability of undrawn banking facilities.

CONTINGENT LIABILITIES

As at 30 June 2011, we did not have any material contingent liabilities, guarantees or any litigation or claims of material importance pending or threatened against any member of our Group.

Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Group since 30 June 2011.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on 29 June 2011. The Company had no reserves distributable to Shareholders as at 30 June 2011.

DIVIDENDS

For the year ended 31 December 2009 and 2010 and the six months ended 30 June 2011, our Group declared dividends in aggregate amounts of HK$20.0 million, HK$19.0 million and HK$16.5 million respectively.

All dividends declared were fully paid prior to the Latest Practicable Date and the Group financed the payment of these dividends by its internal resources.

PROPERTY INTEREST AND PROPERTY VALUATION

DTZ Debenham Tie Leung Limited, an independent property valuer, has valued our property interest as at 30 November 2011 and is of the opinion that the value of our property interests is of no commercial value. The full text of the letter, summary of values and valuation certificates with regard to such property interests are set out in Appendix III to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted combined net tangible assets of our Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Placing as if it had taken place on 30 June 2011. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of our Group after the Placing or at any future dates.

	Adjusted combined net tangible assets of our Group attributable to owners of the Company as at 30 June 2011	Add: Estimated net proceeds from the Placing	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on the Placing Price of HK$0.60 per Share	42,105	27,000	69,105	0.25

Notes:

1. The adjusted combined net tangible assets of our Group attributable to owners of the Company as at 30 June 2011 were determined as follows:

	HK$'000
Adjusted combined net assets of our Group as at 30 June 2011 as shown in the Accountants' Report as set out in Appendix I to this prospectus	45,562
Less: Intangible assets as at 30 June 2011	3,457
Audited combined net tangible assets of our Group attributable to owners of the Company as at 30 June 2011	42,105

2. The estimated net proceeds from the Placing are based on the Placing Price of HK$0.60 per Share, after deduction of the estimated expenses for the Listing but without taking into account any Shares which may fall to be issued upon exercise of the Offer Size Adjustment Option.

3. The unaudited pro forma adjusted net tangible assets per Share are determined after the adjustments as described in notes 1 and 2 above and on the basis that 280,000,000 Shares are issued and outstanding as set out in the section headed "Share Capital" in this prospectus, but takes no account of any Shares which may fall to be allotted and issued upon exercise of the Offer Size Adjustment Option.

4. On 1 September 2011, an interim dividend of HK$16,500,000 was appropriated to Epro Group International Limited, the then sole shareholder of Epro Telecom Holdings Limited (which is now an indirect wholly-owned subsidiary of our Group). The unaudited pro forma adjusted net tangible assets had not taken into account of the above transaction.

5. The unaudited pro forma financial information presented above does not take account of any trading or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 30 June 2011).

FINANCIAL RISKS

Our Group's activities exposes it to a variety of financial risks: foreign exchange risk, price risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. Our Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance.

(a) Foreign exchange risk

All the revenue-generating operations of our Group were transacted in Hong Kong dollars during the Track Record Period, which is the functional currency of our Group and the presentation currency of our Group. Our Group therefore does not have any significant foreign exchange risk.

(b) Price risk

Equity price risk is the risk that the fair values of securities decrease as a result of changes in the levels of equity indices and the value of individual securities. Our Group is exposed to price risk arising from investments classified as available-for-sale financial assets and financial assets designated as at fair value through profit or loss.

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of investments	**Increase/ (decrease) in profit before income tax**	**Increase/ (decrease) in equity**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
At 31 December 2009			
Unlisted investments at fair value			
— available-for-sale financial assets			
5% increase in fair value	227	—	227
5% decrease in fair value	(227)	—	(227)
At 31 December 2010			
Unlisted investments at fair value			
— financial assets designated as at fair value through profit or loss			
5% increase in fair value	160	160	—
5% decrease in fair value	(160)	(160)	—

	Carrying amount of investments *HK$'000* (audited)	Increase/ (decrease) in profit before income tax *HK$'000* (audited)	Increase/ (decrease) in equity *HK$'000* (audited)
At 30 June 2011			
Unlisted investments at fair value — financial assets designated as at fair value through profit or loss			
5% increase in fair value	162	162	—
5% decrease in fair value	(162)	(162)	—

(c) Cash flow and fair value interest rate risk

Our Group's fair value interest rate risk relates primarily to fixed-rate borrowings, while our Group's cash flow interest rate risk relates primarily to variable-rate borrowings. It is our Group's policy to keep its borrowings at floating rates of interest so as to minimise the fair value interest rate risk. Our Group's cash flow interest rate risk mainly concentrates on the fluctuation of the Hong Kong dollar prime rate arising from our Group's Hong Kong dollar denominated bank borrowings.

Our Group currently does not have a formal interest rate hedging policy in relation to cash flow and fair value interest rate risks as the management considers that the risks are insignificant to our Group. The management monitors our Group's exposure on an ongoing basis and will consider hedging the interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of our Group's profit before income tax (through the impact on bank borrowings) and our Group's equity.

	Increase/ (decrease) in interest rate by % (audited)	Increase/ (decrease) in profit before income tax *HK$'000* (audited)	Increase/ (decrease) in equity *HK$'000* (audited)
At 31 December 2009			
Hong Kong dollar	5	(45)	(45)
Hong Kong dollar	(5)	45	45

	Increase/ (decrease) in interest rate by %	Increase/ (decrease) in profit before income tax	Increase/ (decrease) in equity
		HK$'000	*HK$'000*
	(audited)	(audited)	(audited)
At 31 December 2010			
Hong Kong dollar	5	(76)	(76)
Hong Kong dollar	(5)	76	76
At 30 June 2011			
Hong Kong dollar	5	(36)	(36)
Hong Kong dollar	(5)	36	36

(d) Credit risk

Our Group reviews the recoverability of its trade receivables periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and our Group's exposure to bad debts is not significant.

The credit risk of our Group's other financial assets, which comprise other receivables, amounts due from related companies, pledged bank deposits and cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at 31 December 2009 and 2010 and 30 June 2011, our Group has certain concentrations of credit risk as 24% and 66%, 22% and 68%, and 22% and 66% of our Group's trade receivables were due from our Group's largest client and the five largest clients, respectively.

(e) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. Our Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses our Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted payments. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

Specifically, for term loans containing a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which our Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

	On demand or within 1 year *HK$'000* (audited)	More than 1 year but less than 5 years *HK$'000* (audited)	Total *HK$'000* (audited)
At 31 December 2009			
Trade payables	1,138	—	1,138
Financial liabilities included in other payables	18,864	—	18,864
Borrowings			
— Bank overdrafts	1,687	—	1,687
— Term loans subject to a repayment on demand clause	18,372	—	18,372
— Finance lease liabilities	1,495	812	2,307
	41,556	812	42,368
At 31 December 2010			
Trade payables	815	—	815
Financial liabilities included in other payables	18,671	—	18,671
Borrowings			
— Bank overdrafts	357	—	357
— Term loans subject to a repayment on demand clause	20,702	—	20,702
— Finance lease liabilities	902	246	1,148
	41,447	246	41,693

	On demand or within 1 year *HK$'000* (audited)	More than 1 year but less than 5 years *HK$'000* (audited)	Total *HK$'000* (audited)
At 30 June 2011			
Trade payables	442	–	442
Financial liabilities included in other payables	9,578	–	9,578
Borrowings			
— Term loans subject to a repayment on demand clause	16,043	–	16,043
— Finance lease liabilities	232	203	435
	26,295	203	26,498

The following table summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments as set out in the loan agreements. Taking into account the our Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

	On demand or within 1 year *HK$'000* (audited)	More than 1 year but less than 5 years *HK$'000* (audited)	Total *HK$'000* (audited)
At 31 December 2009			
Borrowings — Term loans subject to a repayment on demand clause	10,084	8,288	18,372
At 31 December 2010			
Borrowings — Term loans subject to a repayment on demand clause	7,883	12,819	20,702
At 30 June 2011			
Borrowings — Term loans subject to a repayment on demand clause	5,348	10,695	16,043

(f) Fair value

The fair value of financial instruments traded in active markets (such as trading and available-for-sale financial assets) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by our Group is the current bid price.

The carrying values less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to our Group for similar financial instruments.

Our Group adopted the amendment of HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

During the Track Record Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The following table presents our Group's assets and liabilities that are measured at fair value at 31 December 2009.

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(audited)
Assets				
Available-for-sale financial assets				
— Unlisted unit trust funds	—	4,538	—	4,538
	—	4,538	—	4,538

The following table presents our Group's assets and liabilities that are measured at fair value at 31 December 2010.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(audited)
Assets				
Financial assets designated as at fair value through profit or loss				
— Unlisted investment designated as at fair value through profit or loss	—	3,199	—	3,199
	—	3,199	—	3,199

The following table presents our Group's assets and liabilities that are measured at fair value at 30 June 2011.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(audited)
Assets				
Financial assets designated as at fair value through profit or loss				
— Unlisted investment designated as at fair value through profit or loss	—	3,232	—	3,232
	—	3,232	—	3,232

(g) Financial instruments by category

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

	As at 31 December		At 30
	2009	**2010**	**June 2011**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Financial assets			
Financial assets designated as at fair value through profit or loss	—	3,199	3,232
Available-for-sale financial assets	4,538	—	—
Loans and receivables:			
— Trade receivables	24,898	28,542	25,382
— Financial assets included in other receivables	4,717	4,343	2,828
— Amounts due from related companies	16,435	2,028	8,413
— Pledged bank deposits	2,362	3,567	3,572
— Cash and bank balances	22,612	26,633	17,119
	75,562	68,312	60,546
Financial liabilities			
At amortized costs:			
— Trade payables	1,138	815	442
— Financial liabilities included in other payables	18,864	18,671	9,578
— Borrowings	20,850	20,181	14,945
	40,852	39,667	24,965

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that since 30 June 2011 (being the date to which the latest audited combined financial statements of our Group were made up) up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of our Group.

PLACING ARRANGEMENTS

The Placing Agreement

In connection with the Placing, we had entered into the Placing Agreement dated 30 December 2011, amongst other parties, with the Sole Bookrunner. Pursuant to the Placing Agreement, the Company is offering the Placing Shares for subscription at the Placing Price by way of Placing, on and subject to the terms and conditions set forth in the Placing Agreement and this prospectus.

Subject to, among other conditions, the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Placing and the Capitalization Issue (including any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option, and the Shares, up to 10% of the Shares in issue as at the Listing Date, to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the Placing Agreement having become unconditional and not having been terminated in accordance with its terms, and to certain other conditions set out in the Placing Agreement being satisfied or waived on or before the 30th day after the date of this prospectus (or such later date as the Sole Bookrunner may agree), the Sole Bookrunner has agreed to procure subscribers or purchasers for the Placing Shares as set out in the Placing Agreement on a best effort basis. The Placing Agreement may be terminated at any time prior to 8:00 a.m. on the Listing Date for the reasons set forth in "Grounds For Termination" below. Potential investors shall be reminded that in the event that the Placing Agreement is not entered into by the parties thereto or if the Sole Bookrunner exercises its right to terminate the Placing Agreement as referred to below, the Placing will not proceed.

In connection with the Placing, we have granted to the Sole Bookrunner the Offer Size Adjustment Option, exercisable by the Sole Bookrunner, to require us to issue up to an aggregate of 10,500,000 additional new Shares, representing 15% of the Shares initially made available for subscription under the Placing, to cover excess demand in the Placing, if any.

Further information on the "Offer Size Adjustment Option" is set forth in the section headed "Structure and Conditions of the Placing" in this prospectus.

GROUNDS FOR TERMINATION

The obligations of the Sole Bookrunner to procure subscribers for the Placing Shares under the Placing Agreement are subject to termination. The Sole Bookrunner shall have the absolute right by notice in writing to the Company to terminate the Placing Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the "**Termination Time**") if any of the following events should occur prior to the Termination Time:

(a) there has come to the notice of the Sole Bookrunner:—

(i) that any statement contained in this prospectus, the formal notice, and/or any notices, announcements, advertisements, communications (including any supplement or amendment thereto) or other documents issued or used by or on behalf of the Company in connection with the Placing (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect; or that any estimate, forecast, expression or opinion, intention or expectation contained in any of such documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting, when taken as a whole;

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission from this prospectus, the formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Placing (including any supplement or amendment thereto) considered by the Sole Bookrunner in its sole and absolute discretion to be material in respect of the Placing; or

(iii) any material breach of any of the obligations or undertakings imposed upon or undertaken by any party to the Placing Agreement (other than upon any of the Sole Sponsor or the Sole Bookrunner); or

(iv) that any of the warranties given by the Company or its Controlling Shareholders or the Placing Agreement is (as when repeated be) untrue, inaccurate or misleading or considered, at the sole and absolute discretion of the Sole Bookrunner to have been breached; or

(v) any matter, event, act or omission which gives or is likely to give rise to any liability of the Company or its Controlling Shareholders out of or in connection with any breach, inaccuracy and/or incorrectness of the warranties as set out in the Placing Agreement and/or pursuant to the indemnities given by the Company, its Controlling Shareholders or any of them under the Placing Agreement; or

(vi) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Placing) and/or the Placing;

(vii) any potential litigation or disputes which would affect the operation, financial condition or reputation of our Group in any material adverse respect; or

(viii) that approval by the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional new Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option, and Shares, up to 10% of the Shares in issue as at the Listing Date, to be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme) under the Placing is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(ix) that any of the experts as described under the paragraph headed "Other information — Consents and qualifications of experts" in Appendix V to this prospectus has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters, certificates or summaries of valuations and/or opinions (as the case may be) and references to its names included in the form and context in which it respectively appears; or

(x) any change or development involving a prospective change in the conditions, business and operation, prospects or the financial or trading position of any member of our Group; or

(b) there develops, occurs, exists, or comes into force or effect, or continues to exist or be in force or effect: —

(i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, labour disputes, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, declaration of any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or of any other state of emergency or calamity or crisis, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, pandemic, outbreak or escalation of disease (including, without limitation, Severe Acute Respiratory Syndromes (SARS), H5N1, H1N1 or their related or variant types or mutated forms), economic sanctions in or affecting Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC or any other jurisdiction relevant to any member of our Group (the "**Relevant Jurisdictions**"); or

(ii) any change or development involving a prospective change or development in, or any event or series of events currently in existence or otherwise, resulting or likely to result in, or representing any prospective change or development in, local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions, equities securities or other financial markets (including without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions; or

(iii) any new law or regulation or policy or directive or change or development involving a prospective change in existing laws or regulations or policies or directives or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental or competent authority in or affecting any of the Relevant Jurisdictions; or

(iv) the imposition of economic sanctions or withdrawal of trading privileges or concessions, in whatever form, directly or indirectly, by, or for any of the Relevant Jurisdictions; or

(v) a change or development involving a prospective change or modification in taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar or an appreciation or depreciation of the Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies, or a material fluctuation in the exchange rate of Hong Kong dollars against any foreign currency), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(vi) any adverse change or development or event or a prospective adverse change or development or event in our Group's assets, liabilities, profit, losses, performance, condition, business, finance, earnings, trading position, prospects, properties, results of operations, general affairs, shareholders' equity, management, position or condition, financial or otherwise, whether or not arising in the ordinary course of business, as determined by the Sole Bookrunner in its sole and absolute discretion; or

(vii) any litigation or claim of any third party being threatened or instigated against any member of our Group; or

(viii) a demand by any tax authority for payment for any tax liability for any member of our Group; or

(ix) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(x) any loss or damage sustained by any member of our Group as a result of a breach of its respective obligations or non-compliance with applicable laws and regulations (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xi) an order or petition being presented for the winding-up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or a provisional liquidator, receiver or manager appointed over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(xii) any general moratorium on commercial banking activities in Hong Kong, the Cayman Islands, New York, London, the PRC or any other jurisdiction relevant to any member of our Group, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, systems, procedures or matters in those places or jurisdictions; or

(xiii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(xiv) any judicial, regulatory or governmental authority or political body or organization in any of the Relevant Jurisdictions commencing any investigation, action, claim or proceedings, or announcing an intention to investigate or take any such action, against any Director; or

(xv) any Director being charged with an indictable offence or prohibited by the operation of law or otherwise disqualified from taking part in the management of a company; or

(xvi) the chairperson or chief executive officer of the Company vacating his or her office; or

(xvii) any contravention by any member of our Group of the GEM Listing Rules or other applicable laws or regulations in any of the Relevant Jurisdictions; or

(xviii) any prohibition on the Company for whatever reason from allotting or selling the Placing Shares (including the Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option) pursuant to the Placing and the terms set out in the Placing Agreement and this prospectus; or

(xix) any non-compliance on the part of our Group or Directors of this prospectus (or any other documents used in connection with the Placing) or any aspect of the Placing with the GEM Listing Rules or any other applicable laws or regulations; or

(xx) other than with the approval of the Sole Bookrunner, the issue or the requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the Placing) pursuant to the Companies Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xxi) any event which gives rise or would give rise to liability on the part of the Company pursuant to the indemnity provisions in the Placing Agreement; or

(xxii) any change or development involving a prospective change or development, or a materialisation of, any of the risks set forth in the section headed "Risk Factors" in this prospectus,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Bookrunner,

(A) has or may have or will have or is likely to have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, trading position, results of operation, prospects, positions or conditions, financial or otherwise, or the performance of our Group as a whole; or

(B) has or may have or will have or is likely to have a material adverse effect on the success of the Placing and on the level of applications or the level of interest with respect to the Placing; or

(C) makes, may make or will make or is likely to make it impracticable or inadvisable or inexpedient for the Placing to proceed or to be performed or implemented as envisaged or to market the Placing; or

(D) makes, may make or will make or is likely to make any part of the Placing Agreement incapable of performance with particular respect to the processing of applications for and payments for subscription of the Placing Shares and delivery of the Placing Shares on the terms and in the manner contemplated under the Placing Agreement and in this prospectus.

UNDERTAKINGS

Each of our Controlling Shareholders has jointly and severally undertaken to and covenanted with our Company, the Sole Sponsor, the Sole Bookrunner and the Stock Exchange for a period commencing on the date by reference to which disclosures of his, her or its shareholding in the Company is made in the prospectus and ending on the date which is 12 months following the Listing Date that he, she or it will not, and will procure that none of his, her or its associates or the companies controlled by him, her or it will:

(a) within the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date (the "First Six Month Period"), sell, transfer, dispose of or enter into any agreement to dispose of or otherwise create any right (including without limitation the creation of any option, pledge, charge or other encumbrance or rights) in respect of or on any of our Shares or any interests therein beneficially owned by him, her or it or any of their associates or in which he, she, or it or any of their associates is, directly or indirectly beneficially interested immediately after the completion of the Placing (or any other shares or securities of or interest in the Company arising or deriving therefrom as a result of capitalization issue or scrip dividend or otherwise); or sell, transfer, dispose of or enter into any agreement to dispose of or otherwise create any right (including the creation of any option, pledge, charge or other encumbrance or rights) on any shares or interest in any company controlled by him, her or it or any of their associates which is the beneficial owner (directly or indirectly) of such Shares or any interests therein as aforesaid (or any other shares or securities of or interest in the Company arising or deriving therefrom as a result of capitalization issue or scrip dividend or otherwise); and

(b) save with the prior written consent of the Sole Bookrunner, within a further six months commencing on the expiry of the First Six Month Period (the "Second Six Month Period"), he, she and it will not, and will procure that none of his, her or its associates or the companies controlled by him, her or it or any of their associates will, sell, transfer, dispose of or enter into any agreement to dispose of or otherwise create any rights (including the creation of any option, pledge, charge or other encumbrance or rights) in respect of or on any of our Shares or any interests therein referred to in sub-clause (a) above; or sell, transfer, dispose of or enter into any agreement to dispose of or otherwise create any rights (including the creation of any option, pledge, charge or other encumbrance or rights) in respect of or on any shares in any company controlled by him, her or it or any of their associates which is the beneficial owner (directly or indirectly) of such Shares or any interests therein as aforesaid if, immediately following such disposal or creation of rights, any of our Controlling Shareholders (together with his, her or its associates or otherwise), either individually or taken together with the others, would, directly or indirectly, cease to be a controlling shareholder (within the meaning of the GEM Listing Rules) of our Company or cease to hold, directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer, in any of the companies controlled by him, her, it and/or any of their associates which owns such securities of the Company or interests as aforesaid.

We have undertaken to and covenanted with the Sole Sponsor and the Sole Bookrunner that, and each of our Controlling Shareholders and executive Directors jointly and severally undertakes to and covenants with the Sole Sponsor and the Sole Bookrunner that he, she or it will procure the Company that, without the prior written consent of the Sole Bookrunner, save pursuant to the Placing, the Capitalization Issue, the issue of any Shares under the Offer Size Adjustment Option, the grant of any option under the Share Option Scheme, or the issue of Shares upon exercise of any option granted under the Share Option Scheme, and save as permitted under the Listing Rules (including but not limited to rule 17.29 of the Listing Rules), (a) within the First Six Month Period, our Company and our subsidiaries will not issue or agree to issue (conditionally or unconditionally) any shares or securities of, or grant or agree to grant (conditionally or unconditionally) any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for any securities of, our Company or any of our subsidiaries; and (b) at any time during the Second Six Month Period, the Company and its subsidiaries will not issue or agree to issue (conditionally or unconditionally) any shares or securities of, or grant or agree to grant (conditionally or unconditionally) any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for any securities of, the Company or any of its subsidiaries so as to result in any of our Controlling Shareholders (together with any of their associates) either individually or taken together with the others of them cease to be a Controlling Shareholder (within the meaning of the GEM Listing Rules) of the Company; or cease to hold, directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer in any of the companies controlled by him, her or it or any of their associates which owns any such Shares; or our Company ceases to hold a controlling interest of over 30%, directly or indirectly, in any of such subsidiaries.

Each of our Company, our Controlling Shareholders and the executive Directors has undertaken to and covenanted with the Sole Sponsor and the Sole Bookrunner that save with the prior written consent of the Sole Bookrunner, no member of our Group will during the First Six Month Period purchase any Shares or any other securities of the Company.

Without prejudice to the above, each of our Controlling Shareholders and executive Directors has undertaken and covenanted with our Company, the Sole Sponsor, the Sole Bookrunner, and the Stock Exchange that: —

(a) save with the prior written consent of the Sole Bookrunner, during the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is 12 months from the Listing Date, he, she or it shall not, and shall procure that none of his, her or its associates shall, pledge or charge or create any other rights or encumbrances in any Shares or any interest therein owned by him, her or it or any of their associates or in which he, she or it or any of their associates is, directly or indirectly, interested immediately following completion of the Placing (or any other Shares or interest in the Shares arising or deriving therefrom) or any share or interest in any company controlled by him, her or it or any of their associates which is the beneficial owner (directly or indirectly) of such Shares or interest therein as aforesaid (or any other Shares or interest in the Shares arising or deriving therefrom); and

(b) in the event that consent is granted by the Sole Bookrunner, when he, she or it or any of their associates shall pledge, charge or create any encumbrance or other right in any of the Shares or interests referred to in paragraph (a) above, he, she or it shall give prior written notice of not less than three Business Days to the Stock Exchange, our Company, the Sole Sponsor and the Sole Bookrunner giving details of the number of Shares to be pledged or charged, the purpose for which such pledge or charge is made, the identities of the pledgee or chargee in favour of whom the pledge, charge, encumbrance or interest is created and further if he, she or it or any of their associates is aware of or receives indications or notice, either verbal or written, from the pledgee or chargee that the pledgee or chargee will dispose of or transfer any of the Shares or interests referred to in paragraph (a) above, he, she or it will immediately notify the Stock Exchange, our Company, the Sole Sponsor and the Sole Bookrunner in writing of such indications and provide details of such disposal or transfer including the number of Shares affected to the Stock Exchange, our Company, the Sole Sponsor and the Sole Bookrunner as they may require.

Our Company has undertaken and covenanted with the Sole Sponsor, the Sole Bookrunner and the Stock Exchange that our Company shall forthwith inform the Sole Sponsor, the Sole Bookrunner and the Stock Exchange in writing immediately after it has been informed of the matters referred to in paragraph (b) above and our Company shall, if so required by the Stock Exchange or the GEM Listing Rules, disclose such matters by way of an announcement as soon as possible and shall comply with all requirements of the Stock Exchange.

FEES AND EXPENSES

The Sole Bookrunner will receive a placing fee of 3.25% of the aggregate Placing Price of all the Placing Shares (including any Shares to be issued pursuant to the Offer Size Adjustment Option), out of which the Sole Bookrunner will pay any sub-placing fees. The Sole Sponsor will, in addition, receive a Sponsor fee in relation to the Listing. The aggregate fees and expenses for the listing of the Company including the placing fees, the Stock Exchange listing fees, the Stock Exchange trading fee and SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Placing, are currently estimated to be approximately HK$15 million (assuming that the Offer Size Adjustment Option is not exercised), which will be borne by our Company.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

INDEMNITY

We have agreed to indemnify the Sole Bookrunner for certain losses which they may suffer, including, among other things, losses arising from the performance of their obligations under the Placing Agreement and any breach by us of the Placing Agreement.

BOOKRUNNER'S INTERESTS IN OUR COMPANY

Save for their obligations under the Placing Agreement and as disclosed in this prospectus, the Sole Bookrunner does not have any shareholding interest in any member of our Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group.

Mizuho is expected to be appointed as the compliance adviser of our Company with effect from the Listing Date until the despatch of our audited consolidated financial results for the second full financial year after the Listing Date, and we will pay to it an agreed fee for its provision of services with respect to the scope required under the GEM Listing Rules.

PLACING PRICE

The Placing Price is HK$0.60 per Placing Share. Subscribers, when subscribing for our Placing Shares, shall pay the Placing Price plus 1.0% brokerage, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy for every board lot of 4,000 Shares.

The level of indications of interests in the Placing and the basis of allocations of the Placing Shares are expected to be announced on the website of the Stock Exchange at www.hkexnews.hk and our website at www.etsgroup.com.hk at any time on or before Friday, 6 January 2012.

THE PLACING IS NOT UNDERWRITTEN

The Placing is managed by the Sole Bookrunner on a best effort basis and is not underwritten. Particulars of the placing arrangements are set forth in the section headed ''Structure and conditions of the Placing'' of this prospectus. Should the amount of gross proceeds raised under the Placing be less than HK$42 million, the Placing will not proceed.

CONDITIONS OF THE PLACING

The Placing is conditional upon:

(1) the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as described in this prospectus on GEM; and

(2) the obligations of the Sole Bookrunner under the Placing Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Bookrunner), and such obligations not having been terminated in accordance with the terms of the Placing Agreement, in each case, on or before the date and time specified in the Placing Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Monday, 30 January 2012, being the Business Day immediately following the date which is the 30th day after the date of this prospectus.

If these conditions have not been fulfilled or (where applicable) waived by the Sole Bookrunner on or before the date and time set forth in the Placing Agreement, the Placing shall lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by our Company on the website of the Stock Exchange at www.hkexnews.hk and our website at www.etsgroup.com.hk on the next Business Day following such lapse.

THE PLACING

Our Company is initially offering 70,000,000 new Shares for subscription by way of the Placing, representing in aggregate 25% of our Company's enlarged issued share capital of the Company immediately after completion of the Placing and the Capitalization Issue without taking into account the Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option.

If the Sole Bookrunner exercises the Offer Size Adjustment Option in full, the number of Shares being offered in the Placing will increase to 80,500,000 Shares, representing approximately 27.71% of the Company's enlarged issued share capital following the completion of the Placing and the exercise of the Offer Size Adjustment Option.

The Sole Bookrunner or agents nominated by it will, on behalf of our Company, conditionally place the Placing Shares at the Placing Price plus a 1% brokerage fee, a 0.005% Stock Exchange trading fee and a 0.003% SFC transaction levy with professional, institutional, private and other investors. Professional and/or institutional investors generally include brokers, dealers, high net worth individuals and companies (including fund managers) whose ordinary business involves dealing and investing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

BASIS OF ALLOCATION

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investors are likely to acquire further Shares and/or hold or sell its Shares on the Stock Exchange after the Listing. Such allocation is intended to result in a distribution of the Placing Shares in such manner and on such basis that would lead to the establishment of a solid shareholder base to the benefit of our Company and its Shareholders as a whole. In particular, our Placing Shares will be allocated with due regard to an open market for the same in accordance with Rule 11.23(8) of the GEM Listing Rules, to the effect that not more than 50% of our Shares in public hands at the time of Listing will be beneficially owned by the three largest public Shareholders. Detailed information on the Placing will be announced in accordance with Rules 10.12(4), 13.02(2), 16.08 and 16.16 of the GEM Listing Rules.

OFFER SIZE ADJUSTMENT OPTION

In connection with the Placing, we have granted the Offer Size Adjustment Option to the Sole Bookrunner. Under the Offer Size Adjustment Option, which will be exercisable at any time before 6:00 p.m. on the business day immediately before the date of allotment results announcement with respect to the level of indication of interest in the Placing, the Sole Bookrunner shall have the right to require the Company to allot and issue at the Placing Price up to an aggregate of 10,500,000 additional new Shares, representing 15% of the Placing Shares initially made available for subscription under the Placing. Any such additional Shares may be issued to cover any excess demand in the Placing and in the event that the Offer Size Adjustment Option is exercised, the Sole Bookrunner in its sole and absolute discretion may decide to whom and the proportions in which the additional Shares will be allotted. If the Offer Size Adjustment Option is exercised in full, we will be required to issue 10,500,000 additional new Shares, representing approximately 3.61% of the Company's total enlarged number of Shares in issue immediately following completion of the Placing and the Capitalization Issue and the exercise of the Offer Size Adjustment Option but without taking into account any Shares which may fall to be issued upon the exercise of any option that may be granted under the Share Option Scheme. If the Sole Bookrunner decides to exercise the Offer Size Adjustment Option, it will be exercised to cover excess demand in the Placing. The Placing Shares (including any excess demand) will be allocated by the Sole Bookrunner prior to the commencement of trading of the Shares on GEM.

For the avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Sole Bookrunner to meet any excess demand in the Placing. The Offer Size Adjustment Option will not be associated with any price stabilisation activities of the Shares in the secondary market after the listing of the Shares on GEM and will not be subject to the Securities and Futures (Price Stabilising) Rules of the SFO. No purchase of the Shares in the secondary market will be effected to cover any excess demand in the Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part.

The Company will disclose in its allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by that time, then the Offer Size Adjustment Option will have lapsed and cannot be exercised on any future date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Placing and Capitalization Issue (including any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option, and the Shares, up to 10% of the Shares in issue as at the Listing Date, to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

No part of the Company's share or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS. Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Placing becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 9 January 2012, it is expected that dealings in the Shares on GEM will commence at 9:00 a.m. on Monday, 9 January 2012.

The Shares will be traded in board lots of 4,000 Shares each.

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

30 December 2011

The Directors
ETS Group Limited
Mizuho Securities Asia Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding ETS Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the years ended 31 December 2009 and 2010 and the six months ended 30 June 2011 (the "Relevant Periods"), for inclusion in the prospectus of the Company dated 30 December 2011 (the "Prospectus") in connection with the proposed listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 29 June 2011. Through a corporate reorganization as more fully explained in the paragraph headed "Reorganization" in Appendix V "Statutory and General Information" to the Prospectus (the "Corporate Reorganization"), the Company became the holding company of the companies now comprising the Group on 13 December 2011.

As at the date of this report, the Company has the following wholly-owned subsidiaries:

Name of subsidiary	Legal form, date and place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
Eastside Fortune Limited	Limited liability company incorporated on 15 June 2011, British Virgin Islands	1 share of US$1	100% (direct)	Investment holding
Epro Telecom Holdings Limited	Limited liability company incorporated on 28 September 1990, Hong Kong	20,533,986 shares of HK$1 each	100% (indirect)	Investment holding

Name of subsidiary	Legal form, date and place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
Epro Telecom Services Limited	Limited liability company incorporated on 23 February 1990, Hong Kong	23,000,000 shares of HK$1 each	100% (indirect)	Provision of telecommunication and related services and sales of systems and software
Epro Logic Limited	Limited liability company incorporated on 18 April 1989, Hong Kong	3,000,000 shares of HK$1 each	100% (indirect)	Research and development of telecommunication systems software and provision of related consulting services
Epro Marketing Limited	Limited liability company incorporated on 30 January 1995, Hong Kong	3,000,000 shares of HK$1 each	100% (indirect)	Provision of telecommunication and related services
Interactive Business Services Limited	Limited liability company incorporated on 7 May 1999, Hong Kong	3,000,000 shares of HK$1 each	100% (indirect)	Operation of business centre and provision of telecommunication and related services
Epro Online Services Limited	Limited liability company incorporated on 30 July 2004, Hong Kong	1 share of HK$1	100% (indirect)	Provision of consultancy services on recruitment and training

The financial year end date of the companies now comprising the Group is 31 December.

No audited statutory financial statements have been prepared for the Company since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement and the Company has not carried on any business other than those transactions relating to the Corporate Reorganization.

No audited statutory financial statements have been prepared for Eastside Fortune Limited since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement.

The statutory financial statements of the subsidiaries now comprising the Group, where there is a statutory audit requirement, were audited by us except for the statutory financial statements of Epro Online Services Limited for the year ended 31 December 2009 which were audited by P.H. Tang & Co., certified public accountants, Hong Kong.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

We have undertaken an independent audit on the Underlying Financial Statements for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements on the basis set out in Note 1 of Section A below, and no adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Note 1 of Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 30 June 2011 and of the state of affairs of the Group as at 31 December 2009 and 2010 and 30 June 2011, and of the combined results and combined cash flows of the Group for the Relevant Periods.

The comparative combined statement of comprehensive income, combined statement of cash flows and combined statement of changes in equity of the Group for the six months ended 30 June 2010 together with the notes thereon have been extracted from the Group's unaudited combined financial information for the same period (the "30 June 2010 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the 30 June 2010 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review consists principally of making enquiries of the Group's management and applying analytical and other review procedures to the 30 June 2010 Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the 30 June 2010 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 June 2010 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRS.

A. FINANCIAL INFORMATION

Combined statements of comprehensive income

	Notes	Year ended 31 December 2009 *HK$'000*	Year ended 31 December 2010 *HK$'000*	Period ended 30 June 2010 *HK$'000* *(Unaudited)*	Period ended 30 June 2011 *HK$'000*
Revenue	*5*	190,632	191,147	88,350	89,396
Other income	*6*	407	271	223	171
Other gains – net	*7*	2,501	1,318	141	33
Employee benefits expenses	*8*	(146,597)	(148,735)	(64,575)	(65,793)
Depreciation and amortization		(5,763)	(5,662)	(2,826)	(2,916)
Other operating expenses		(19,909)	(20,394)	(10,699)	(10,158)
Operating profit		21,271	17,945	10,614	10,733
Finance costs	*9*	(1,114)	(1,628)	(814)	(730)
Profit before income tax	*10*	20,157	16,317	9,800	10,003
Income tax expense	*11*	(2,662)	(2,563)	(1,977)	(1,861)
Profit for the year/period		17,495	13,754	7,823	8,142

A. FINANCIAL INFORMATION *(continued)*

Combined statements of comprehensive income *(continued)*

	Notes	Year ended 31 December 2009 *HK$'000*	Year ended 31 December 2010 *HK$'000*	Period ended 30 June 2010 *HK$'000* *(Unaudited)*	Period ended 30 June 2011 *HK$'000*
Other comprehensive income					
Net gains arising from revaluation of available-for-sale financial assets		143	22	22	—
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year/period		—	(352)	(352)	—
Other comprehensive income for the year/period, net of tax		143	(330)	(330)	—
Total comprehensive income for the year/period		17,638	13,424	7,493	8,142
Profit attributable to:					
Owners of the Company		17,490	13,754	7,823	8,142
Non-controlling interests		5	—	—	—
		17,495	13,754	7,823	8,142
Attributable to:					
Owners of the Company		17,633	13,424	7,493	8,142
Non-controlling interests		5	—	—	—
Total comprehensive income for the year/period		17,638	13,424	7,493	8,142
Earnings per share – basic and diluted (HK cents)	*12*	8.3	6.5	3.7	3.9

A. FINANCIAL INFORMATION *(continued)*

Combined statements of financial position

	Notes	As at 31 December 2009 HK$'000	As at 31 December 2010 HK$'000	As at 30 June 2011 HK$'000
Non-current assets				
Property, plant and equipment	*14*	8,405	7,298	6,528
Intangible assets	*15*	2,806	3,290	3,457
Available-for-sale financial assets	*16*	4,538	—	—
		15,749	10,588	9,985
Current assets				
Trade and other receivables	*17*	30,450	33,276	32,016
Financial assets designated as at fair value through profit or loss	*18*	—	3,199	3,232
Amounts due from related companies	*19*	16,435	2,028	8,413
Pledged bank deposits	*20*	2,362	3,567	3,572
Cash and bank balances	*21*	22,612	26,633	17,119
		71,859	68,703	64,352
Current liabilities				
Trade and other payables	*22*	22,211	20,979	11,272
Borrowings	*23*	20,047	19,953	14,755
Income tax payable		1,484	658	2,325
		43,742	41,590	28,352
Net current assets		28,117	27,113	36,000
Total assets less current liabilities		43,866	37,701	45,985
Non-current liabilities				
Borrowings	*23*	803	228	190
Deferred income tax liabilities	*24*	67	53	233
		870	281	423
Net assets		42,996	37,420	45,562
Capital and reserves				
Share capital	*25*	20,534	20,534	20,534
Share premium	*26*	5,090	5,090	5,090
Available-for-sale investments revaluation reserve		330	—	—
Retained profits		17,042	11,796	19,938
Total equity		42,996	37,420	45,562

A. FINANCIAL INFORMATION *(continued)*

Combined statements of changes in equity

	Attributable to owners of the Company							
	Share capital *HK$'000* *(Note 25)*	Share premium *HK$'000* *(Note 26)*	Translation reserve *HK$'000*	Available-for-sale investments revaluation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2009	20,534	5,090	194	187	19,552	45,557	297	45,854
Net gains arising from revaluation of available-for-sale financial assets *(Note 16)*	—	—	—	143	—	143	—	143
Total other comprehensive income for the year	—	—	—	143	—	143	—	143
Profit for the year	—	—	—	—	17,490	17,490	5	17,495
Total comprehensive income for the year	—	—	—	143	17,490	17,633	5	17,638
Disposal of subsidiaries *(Note 27)*	—	—	(194)	—	—	(194)	(302)	(496)
Interim dividends paid *(Note 13)*	—	—	—	—	(20,000)	(20,000)	—	(20,000)
Balance at 31 December 2009 and 1 January 2010	20,534	5,090	—	330	17,042	42,996	—	42,996
Net gains arising from revaluation of available-for-sale financial assets *(Note 16)*	—	—	—	22	—	22	—	22
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year *(Note 16)*	—	—	—	(352)	—	(352)	—	(352)
Total other comprehensive income for the year	—	—	—	(330)	—	(330)	—	(330)
Profit for the year	—	—	—	—	13,754	13,754	—	13,754
Total comprehensive income for the year	—	—	—	(330)	13,754	13,424	—	13,424
Interim dividends paid *(Note 13)*	—	—	—	—	(19,000)	(19,000)	—	(19,000)

A. FINANCIAL INFORMATION *(continued)*

Combined statements of changes in equity *(continued)*

	Attributable to owners of the Company							
	Share capital	Share premium	Translation reserve	Available-for-sale investments revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 25)	*(Note 26)*						
Balance at 31 December 2010 and 1 January 2011	20,534	5,090	—	—	11,796	37,420	—	37,420
Total other comprehensive income for the period	—	—	—	—	—	—	—	—
Profit for the period	—	—	—	—	8,142	8,142	—	8,142
Total comprehensive income for the period	—	—	—	—	8,142	8,142	—	8,142
Balance at 30 June 2011	20,534	5,090	—	—	19,938	45,562	—	45,562

A. FINANCIAL INFORMATION *(continued)*

Combined statements of changes in equity *(continued)*

	Attributable to owners of the Company							
	Share capital HK$'000 (Note 25)	Share premium HK$'000 (Note 26)	Translation reserve HK$'000	Available-for-sale investments revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
(Unaudited)								
Balance at 1 January 2010	20,534	5,090	—	330	17,042	42,996	—	42,996
Net gains arising from revaluation of available-for-sale financial assets *(Note 16)*	—	—	—	22	—	22	—	22
Reclassification adjustments relating to available-for-sale financial assets disposed of during the period *(Note 16)*	—	—	—	(352)	—	(352)	—	(352)
Total other comprehensive income for the period	—	—	—	(330)	—	(330)	—	(330)
Profit for the period	—	—	—	—	7,823	7,823	—	7,823
Total comprehensive income for the period	—	—	—	(330)	7,823	7,493	—	7,493
Balance at 30 June 2010	20,534	5,090	—	—	24,865	50,489	—	50,489

A. FINANCIAL INFORMATION *(continued)*

Combined statements of cash flows

	Year ended 31 December 2009 *HK$'000*	Year ended 31 December 2010 *HK$'000*	Period ended 30 June 2010 *HK$'000* *(Unaudited)*	Period ended 30 June 2011 *HK$'000*
Cash flows from operating activities				
Profit before income tax	20,157	16,317	9,800	10,003
Adjustments for:				
Interest income	(84)	(5)	—	(7)
Interest expense	1,114	1,628	814	730
Depreciation and amortization	5,763	5,662	2,826	2,916
Goodwill impairment charge	—	84	84	—
Loss on disposal of property, plant and equipment	7	51	51	—
Loss on disposal of subsidiaries	136	—	—	—
Gain on acquisition of a subsidiary	(2,637)	—	—	—
Gain transferred from equity to profit or loss on disposal of available-for-sale financial assets	—	(352)	(352)	—
Fair value loss/(gain) on financial assets designated as at fair value through profit or loss	—	142	211	(33)
Operating cash flows before changes in working capital	24,456	23,527	13,434	13,609
Trade and other receivables	(1,294)	(2,384)	3,827	1,260
Financial assets designated as at fair value through profit or loss	—	(3,341)	(3,341)	—
Amounts due from related companies	3,222	13,696	(13,755)	(6,385)
Amount due from a director	521	—	—	—
Trade and other payables	1,784	(1,240)	(8,800)	(9,707)
Amounts due to related companies	6,805	—	—	—
Amount due to a former shareholder of a subsidiary	—	(49)	(49)	—
Cash generated from/(used in) operations	35,494	30,209	(8,684)	(1,223)
Hong Kong profits tax paid	(1,491)	(3,405)	(366)	(14)
Net cash generated from/ (used in) operating activities	34,003	26,804	(9,050)	(1,237)

A. FINANCIAL INFORMATION *(continued)*

Combined statements of cash flows *(continued)*

	Year ended 31 December 2009	Year ended 31 December 2010	Period ended 30 June 2010	Period ended 30 June 2011
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Cash flows from investing activities				
Interest received	84	5	—	7
Decrease/(Increase) in pledged bank deposits	46	(1,205)	(1,200)	(5)
Additions of intangible assets	(2,092)	(2,425)	(1,192)	(1,259)
Purchase of property, plant and equipment	(2,127)	(2,725)	(877)	(1,054)
Proceeds from disposal of property, plant and equipment	—	60	60	—
Proceeds from disposal of available-for-sale financial assets	—	4,560	4,560	—
Net cash outflows on disposal of subsidiaries	(501)	—	—	—
Net cash (outflows)/inflows on acquisition of a subsidiary	(2,998)	244	244	—
Net cash (used in)/generated from investing activities	(7,588)	(1,486)	1,595	(2,311)
Cash flows from financing activities				
Dividends paid	(20,000)	(19,000)	—	—
Interest paid	(1,114)	(1,628)	(814)	(730)
Proceeds from/(Repayments of) bank borrowings	12,762	1,757	(4,637)	(4,182)
Repayments of finance lease liabilities	(1,607)	(1,096)	(347)	(697)
Net cash used in financing activities	(9,959)	(19,967)	(5,798)	(5,609)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	16,456	5,351	(13,253)	(9,157)
Cash, cash equivalents and bank overdrafts at beginning of the year/period	4,469	20,925	20,925	26,276
Cash, cash equivalents and bank overdrafts at end of the year/period *(Note 21)*	20,925	26,276	7,672	17,119

A. FINANCIAL INFORMATION *(continued)*

Statement of financial position of the Company

	As at 30 June 2011
	HK$'000
Current assets	
Cash and bank balances	–
Net assets	–
Capital and reserves	
Share capital	–
Total equity	–

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 29 June 2011. The authorized share capital of the Company as at the date of its incorporation was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. On 29 June 2011, one share was allotted and issued at par to Codan Trust Company (Cayman) Limited as the initial subscriber, which was then transferred by Codan Trust Company (Cayman) Limited to Epro Group International Limited on the same date. The Company has not carried out any business during the period from 29 June 2011 (date of incorporation) to 30 June 2011. After the completion of the Corporate Reorganization on 13 December 2011, the Company became the holding company of the Group.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 June 2011 as an exempted company with limited liability. Its parent and ultimate holding company is Excel Deal Holdings Limited, a company incorporated in the British Virgin Islands and owned as to 47% by Mr. Wong Wai Hon Telly, 46% by Mr. Ling Chiu Yum, 5% by Ms. Chang Men Yee Carol and 2% by Ms. Ting Yee Mei.

Pursuant to the resolution passed by the sole shareholder on 13 July 2011, the name of the Company has been changed from Epro Telecom Services Group Ltd. to Epro Telecom Services Group Limited 易寶通訊服務集團有限公司 with effect from 13 July 2011. Pursuant to the resolution passed by the sole shareholder on 24 November 2011, the name of the Company has been further changed from Epro Telecom Services Group Limited 易寶通訊服務集團有限公司 to ETS Group Limited 易通訊集團有限公司 with effect from 24 November 2011.

The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" of the Prospectus. The Company is an investment holding company. The Group is principally engaged in providing comprehensive multi-media contact services and contact centre system in Hong Kong.

Throughout the Relevant Periods, the group entities were under the control of Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum, Ms. Chang Men Yee Carol and Ms. Ting Yee Mei. Through the Corporate Reorganization as more fully explained in the paragraph headed "Reorganization" in Appendix V "Statutory and General Information" to the Prospectus, the Company became the holding company of the companies now comprising the Group on 13 December 2011. Accordingly, for the purpose of the preparation of the Financial Information of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the Relevant Periods. The Group comprising the Company and its subsidiaries resulting from the Corporate Reorganization is regarded as a continuing entity. The Group was under the control of Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum, Ms. Chang Men Yee Carol and Ms. Ting Yee Mei prior to and after the Corporate Reorganization.

The Financial Information has been prepared as if the Company had been the holding company of the Group throughout the Relevant Periods in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Relevant Periods, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation where this is a shorter period. The combined statements of financial position as at the respective reporting dates have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

The Financial Information is presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company. The choice of presentation currency is to better reflect the currency that mainly determines the economic effects of transactions, events and conditions of the Group.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The Financial Information has been prepared in accordance with HKFRS issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 4.

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Group has throughout the Relevant Periods consistently adopted HKFRS, Hong Kong Accounting Standard ("HKAS"), amendments and interpretations, which are effective for annual periods beginning on or after 1 January 2011.

The Group has not early applied the following new and revised standards, or amendments, that have been issued but are not yet effective, in the Financial Information:

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognized financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortized cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at fair value. In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss. Since there are no financial liabilities at fair value through profit or loss classified by the Group, the management of the Company does not expect the application of HKFRS 9 will have a material effect on the financial liabilities of the Group. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets. The expected impact of this new standard is still being assessed in details by the management, but the management does not anticipate that the application will result in a significant impact on the Group's financial information.

The directors of the Company anticipate that the application of the other new and revised standards, or amendments will have no material effect on how the results and financial position of the Group are prepared and presented.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

(a) Subsidiaries (continued)

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Merger accounting for common control combinations

The Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognized in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The combined statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The combined financial statements are presented in Hong Kong dollars, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the combined statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency translation *(continued)*

(b) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortized cost of the security and other changes in carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale, are included in the available-for-sale investments revaluation reserve in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

—	Leasehold improvements	: Over the term of the lease or 5 years, whichever is shorter
—	Furniture and fixtures	: 5 years
—	Computer equipment	: 3 years
—	Computer software	: 5 years
—	Electronic and office equipment	: 5 years
—	Motor vehicles	: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the combined statement of comprehensive income.

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Intangible assets *(continued)*

(a) Goodwill *(continued)*

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Internally generated software development costs

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life (for example, goodwill or intangible assets not ready to use) are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the combined statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the combined statement of comprehensive income within "other gains-net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the combined statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the combined statement of comprehensive income.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the combined statement of comprehensive income as part of other income. Dividends on available-for- sale equity instruments are recognized in the combined statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2.10 Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial liabilities *(continued)*

The Group's financial liabilities mainly include trade and other payables, and interest-bearing bank and other borrowings. After initial recognition, these financial liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the combined statement of comprehensive income.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.12 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Impairment of financial assets *(continued)*

(a) Assets carried at amortized cost *(continued)*

- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio;
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the combined statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the combined statement of comprehensive income.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is removed from equity and recognized in the separate combined statement of comprehensive income. Impairment losses recognized in the separate combined statement of comprehensive income on equity instruments are not reversed through the separate combined statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the separate combined statement of comprehensive income.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Impairment of financial assets *(continued)*

Impairment testing of trade and other receivables is described in Note 2.13.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the combined financial statements of the investee's net assets including goodwill.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the combined statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the combined statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the combined statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the combined statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amount expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Current and deferred income tax *(continued)*

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Pension obligations

The Group operates a number of defined contribution plans. The Group's contributions to the defined contribution retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in independently administered funds.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.20 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Provisions *(continued)*

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services provided in the ordinary course of the Group's activities. Revenue is shown net of returns and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(a) Service fee income from provision of telecommunication and related services is recognized upon the rendering of the relevant services.

(b) Revenue from the sales of systems and software is recognized on the transfer of the significant risks and rewards of ownership of products, which generally coincides with the time when the products are delivered to customers and titles have passed.

(c) License fee income is recognized in accordance with the relevant agreements.

(d) Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the combined statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in short-term and long-term payables. The interest element of the finance cost is charged to the combined statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Substantially all the revenue-generating operations of the Group were transacted in Hong Kong dollars during the Relevant Periods, which is the functional currency of the Company and the presentation currency of the Group. The Group therefore does not have significant foreign exchange risk.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Price risk

Equity price risk is the risk that the fair values of securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to price risk arising from investments classified as available-for-sale financial assets *(Note 16)* and financial assets designated as at fair value through profit or loss *(Note 18)*.

The following table demonstrates the sensitivity to every 5% change in the fair values of the investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of investments	Increase/ (decrease) in profit before income tax	Increase/ (decrease) in equity
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2009			
Unlisted investments at fair value			
— Available-for-sale financial assets			
5% increase in fair value	227	—	227
5% decrease in fair value	(227)	—	(227)
As at 31 December 2010			
Unlisted investments at fair value			
— Financial assets designated as at fair value through profit or loss			
5% increase in fair value	160	160	—
5% decrease in fair value	(160)	(160)	—
As at 30 June 2011			
Unlisted investments at fair value			
— Financial assets designated as at fair value through profit or loss			
5% increase in fair value	162	162	—
5% decrease in fair value	(162)	(162)	—

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

***(a) Market risk** (continued)*

(iii) Cash flow and fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate borrowings, while the Group's cash flow interest rate risk relates primarily to variable-rate borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimize the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong dollar prime rate arising from the Group's Hong Kong dollar denominated bank borrowings.

The Group currently does not have a formal interest rate hedging policy in relation to cash flow and fair value interest rate risks as the management considers that such risks are insignificant to the Group. The management monitors the Group's exposure on an ongoing basis and will consider hedging the interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before income tax (through the impact on bank borrowings) and the Group's equity.

	Increase/ (decrease) in interest rate by	Increase/ (decrease) in profit before income tax	Increase/ (decrease) in equity
	%	*HK$'000*	*HK$'000*
As at 31 December 2009			
Hong Kong dollar	5	(45)	(45)
Hong Kong dollar	(5)	45	45
As at 31 December 2010			
Hong Kong dollar	5	(76)	(76)
Hong Kong dollar	(5)	76	76
As at 30 June 2011			
Hong Kong dollar	5	(36)	(36)
Hong Kong dollar	(5)	36	36

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

The Group reviews the recoverability of its trade receivables periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise other receivables, available-for-sale financial assets, financial assets designated as at fair value through profit or loss, amounts due from related companies, pledged bank deposits and cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at 31 December 2009 and 2010 and 30 June 2011, the Group has certain concentrations of credit risk as 24% and 66%, 22% and 68%, and 22% and 66% of the Group's trade receivables were due from the Group's largest customer and the Group's five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in Note 17.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted payments. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) *Liquidity risk* *(continued)*

	On demand or within 1 year *HK$'000*	More than 1 year but less than 5 years *HK$'000*	Total *HK$'000*
As at 31 December 2009			
Trade payables	1,138	—	1,138
Financial liabilities included in other payables	18,864	—	18,864
Borrowings			
— Bank overdrafts	1,687	—	1,687
— Term loans subject to a repayment on demand clause	18,372	—	18,372
— Finance lease liabilities	1,495	812	2,307
	41,556	812	42,368
As at 31 December 2010			
Trade payables	815	—	815
Financial liabilities included in other payables	18,671	—	18,671
Borrowings			
— Bank overdrafts	357	—	357
— Term loans subject to a repayment on demand clause	20,702	—	20,702
— Finance lease liabilities	902	246	1,148
	41,447	246	41,693
As at 30 June 2011			
Trade payables	442	—	442
Financial liabilities included in other payables	9,578	—	9,578
Borrowings			
— Term loans subject to a repayment on demand clause	16,043	—	16,043
— Finance lease liabilities	232	203	435
	26,295	203	26,498

The following table summarizes the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments as set out in the loan agreements. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

	On demand or within 1 year	More than 1 year but less than 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2009			
Borrowings — Term loans subject to a repayment on demand clause	10,084	8,288	18,372
As at 31 December 2010			
Borrowings — Term loans subject to a repayment on demand clause	7,883	12,819	20,702
As at 30 June 2011			
Borrowings — Term loans subject to a repayment on demand clause	5,348	10,695	16,043

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt comprises total debt (including trade and other payables, and borrowings as shown in the combined statement of financial position) less cash and cash equivalents. Total capital comprises all components of equity (including share capital, share premium, translation reserve, available-for-sale investments revaluation reserve and retained profits as shown in the combined statement of financial position) plus net debt.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management *(continued)*

The gearing ratios of the Group are as follows:

	As at 31 December 2009 *HK$'000*	As at 31 December 2010 *HK$'000*	As at 30 June 2011 *HK$'000*
Total debt	43,061	41,160	26,217
Less: cash and cash equivalents	(22,612)	(26,633)	(17,119)
Net debt	20,449	14,527	9,098
Total equity	42,996	37,420	45,562
Total capital	63,445	51,947	54,660
Gearing ratio	32%	28%	17%

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying values less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group adopted the amendment of HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value, and this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Available-for-sale financial assets				
— Unlisted unit trust funds	—	4,538	—	4,538
	—	4,538	—	4,538

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Financial assets designated as at fair value through profit or loss				
— Unlisted investment designated as at fair value through profit or loss	—	3,199	—	3,199
	—	3,199	—	3,199

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2011.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Financial assets designated as at fair value through profit or loss				
— Unlisted investment designated as at fair value through profit or loss	—	3,232	—	3,232
	—	3,232	—	3,232

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.4 Financial instruments by category

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Financial assets designated as at fair value through profit or loss	—	3,199	3,232
Available-for-sale financial assets	4,538	—	—
Loans and receivables:			
— Trade receivables	24,898	28,542	25,382
— Financial assets included in other receivables	4,717	4,343	2,828
— Amounts due from related companies	16,435	2,028	8,413
— Pledged bank deposits	2,362	3,567	3,572
— Cash and bank balances	22,612	26,633	17,119
	75,562	68,312	60,546
Financial liabilities			
At amortized costs:			
— Trade payables	1,138	815	442
— Financial liabilities included in other payables	18,864	18,671	9,578
— Borrowings	20,850	20,181	14,945
	40,852	39,667	24,965

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes

The Group is subject to income tax in Hong Kong. Significant judgment is required in determining the amount of the provision for income tax. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on ongoing assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgments and estimates. Management reassesses the provision for impairment of trade and other receivables at the end of the reporting period.

Impairment of capitalized software development costs

Determining whether capitalized software development costs are impaired requires an estimation of the recoverable amount determined by the value in use of the capitalized software development costs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the capitalized software development costs and a suitable discount rate in order to calculate the present value. The Group carries out an impairment review assessment on the capitalized software development costs at the end of the reporting period and no impairment charge is made for the Relevant Periods.

Useful life and residual value of property, plant and equipment

The management determines the residual value, useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions and may vary significantly as a result of technical innovation and keen competition from competitors, resulting in higher depreciation charge and/or write-off or write-down of technically obsolete assets when residual value or useful lives are less than previously estimated.

5. SEGMENT INFORMATION AND REVENUE

The directors of the Company review the Group's internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources, and operating segment is identified with reference to these.

The reportable operating segments derive their revenue primarily from the following business units in Hong Kong:

(a) Outsourcing inbound contact service;

(b) Outsourcing outbound contact service;

(c) Staff insourcing service;

(d) Contact service centre facilities management service; and

(e) The "Others" segment which principally comprises license fee and sales of system and software.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

5. SEGMENT INFORMATION AND REVENUE *(continued)*

The segment information provided to the board of directors for the reportable segments for the Relevant Periods are as follows:

For the year ended 31 December 2009

	Outsourcing inbound contact service	Outsourcing outbound contact service	Staff insourcing service	Contact service centre facilities management service	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	12,564	68,484	83,734	24,503	1,347	190,632
Segment results	1,067	16,372	7,981	7,663	632	33,715
Depreciation and amortization	1,017	1,700	—	2,839	—	5,556
Total segment assets	2,021	13,040	8,814	9,211	394	33,480
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	622	1,865	—	3,164	—	5,651
Total segment liabilities	931	8,086	5,002	693	—	14,712

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

5. SEGMENT INFORMATION AND REVENUE *(continued)*

For the year ended 31 December 2010

	Outsourcing inbound contact service	Outsourcing outbound contact service	Staff insourcing service	Contact service centre facilities management service	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	8,890	70,577	87,994	23,175	511	191,147
Segment results	599	14,983	7,848	5,193	511	29,134
Depreciation and amortization	949	1,632	—	2,716	—	5,297
Impairment of goodwill	—	—	—	84	—	84
Total segment assets	1,847	15,989	8,615	7,918	905	35,274
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	330	988	—	1,678	—	2,996
Total segment liabilities	525	6,992	5,117	888	—	13,522

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

5. SEGMENT INFORMATION AND REVENUE *(continued)*

For the period ended 30 June 2011

	Outsourcing inbound contact service	Outsourcing outbound contact service	Staff insourcing service	Contact service centre facilities management service	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	4,010	31,794	41,227	12,365	—	89,396
Segment results	210	6,499	4,670	3,377	—	14,756
Depreciation and amortization	505	882	—	1,462	—	2,849
Total segment assets	1,135	14,281	8,414	7,823	905	32,558
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	195	584	—	991	—	1,770
Total segment liabilities	437	4,410	1,834	188	—	6,869

For the period ended 30 June 2010

	Outsourcing inbound contact service	Outsourcing outbound contact service	Staff insourcing service	Contact service centre facilities management service	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Segment revenue	3,831	31,674	41,212	11,320	313	88,350
Segment results	360	7,896	4,735	2,988	313	16,292
Depreciation and amortization	488	812	—	1,337	—	2,637
Impairment of goodwill	—	—	—	84	—	84
Total segment assets	1,657	12,968	7,631	5,659	707	28,622
Total segment assets includes:						
Additions to non-current assets (other than financial instruments)	136	407	—	691	—	1,234
Total segment liabilities	479	6,064	3,567	854	—	10,964

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

5. SEGMENT INFORMATION AND REVENUE *(continued)*

There were no inter-segment sales during the Relevant Periods. The revenue from external parties reported to the Company's directors is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of segment result to profit before income tax is as follows:

	Year ended 31 December 2009 *HK$'000*	Year ended 31 December 2010 *HK$'000*	Period ended 30 June 2010 *HK$'000* *(Unaudited)*	Period ended 30 June 2011 *HK$'000*
Segment result for reportable segments	33,083	28,623	15,979	14,756
Other segments result	632	511	313	—
Total segments	33,715	29,134	16,292	14,756
Other income	407	271	223	171
Other gains – net	2,501	1,318	141	33
Depreciation and amortization	(207)	(365)	(189)	(67)
Finance costs	(1,114)	(1,628)	(814)	(730)
Corporate and other unallocated expenses	(15,145)	(12,413)	(5,853)	(4,160)
Profit before income tax	20,157	16,317	9,800	10,003

The amounts provided to the Company's directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

Reportable segments' assets are reconciled to total assets as follows:

	As at 31 December 2009 *HK$'000*	As at 31 December 2010 *HK$'000*	As at 30 June 2010 *HK$'000* *(Unaudited)*	As at 30 June 2011 *HK$'000*
Segment assets for reportable segments	33,480	35,274	28,622	32,558
Unallocated:				
Property, plant and equipment	3,023	3,614	3,038	3,267
Financial assets designated as at fair value through profit or loss	—	3,199	3,130	3,232
Available-for-sale financial assets	4,538	—	—	—
Corporate and other unallocated assets	46,567	37,204	47,475	35,280
Total assets per statement of financial position	87,608	79,291	82,265	74,337

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

5. SEGMENT INFORMATION AND REVENUE *(continued)*

The amounts provided to the Company's directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 31 December 2009 HK$'000	As at 31 December 2010 HK$'000	As at 30 June 2010 HK$'000 (Unaudited)	As at 30 June 2011 HK$'000
Segment liabilities for reportable segments	14,712	13,522	10,964	6,869
Unallocated:				
Deferred income tax liabilities	67	53	90	233
Current income tax liabilities	1,484	658	3,076	2,325
Current borrowings	20,047	19,953	14,925	14,755
Non-current borrowings	803	228	266	190
Corporate and other unallocated liabilities	7,499	7,457	2,455	4,403
Total liabilities per statement of financial position	44,612	41,871	31,776	28,775

Breakdown of the revenue from all services is as follows:

Analysis of revenue by category

	Year ended 31 December 2009 HK$'000	Year ended 31 December 2010 HK$'000	Period ended 30 June 2010 HK$'000 (Unaudited)	Period ended 30 June 2011 HK$'000
Sales of systems and software	953	—	—	—
License fee income	394	511	313	—
Service fee income from provision of telecommunication and related services	189,285	190,636	88,037	89,396
	190,632	191,147	88,350	89,396

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. Substantially all of the Group's revenues from external customers during the Relevant Periods are derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

5. SEGMENT INFORMATION AND REVENUE *(continued)*

Information about major customers

Revenue from major customers, each of whom contributed to 10% or more of the Group's total revenues, is set out below:

	Year ended 31 December 2009 *HK$'000*	Year ended 31 December 2010 *HK$'000*	Period ended 30 June 2010 *HK$'000* *(Unaudited)*	Period ended 30 June 2011 *HK$'000*
Customer A	69,721	66,591	32,724	31,292
Customer B	20,650	20,211	N/A[1]	10,223
	90,371	86,802	32,724	41,515

[1] The corresponding revenue did not contribute to 10% or more of the total revenues of the Group.

6. OTHER INCOME

	Year ended 31 December 2009 *HK$'000*	Year ended 31 December 2010 *HK$'000*	Period ended 30 June 2010 *HK$'000* *(Unaudited)*	Period ended 30 June 2011 *HK$'000*
Management fee income	182	200	148	164
Interest income from bank deposits	84	5	—	7
Sundry income	141	66	75	—
	407	271	223	171

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

7. OTHER GAINS – NET

	Year ended 31 December 2009	Year ended 31 December 2010	Period ended 30 June 2010	Period ended 30 June 2011
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Financial assets designated as at fair value through profit or loss — Fair value (loss)/gain	—	(142)	(211)	33
Net foreign exchange gains	—	1,108	—	—
Loss on disposal of subsidiaries *(Note 27)*	(136)	—	—	—
Gain on acquisition of a subsidiary *(Note 28(ii))*	2,637	—	—	—
Cumulative gain reclassified from equity to profit or loss on disposal of available-for-sale investments	—	352	352	—
	2,501	1,318	141	33

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

8. EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December 2009	Year ended 31 December 2010	Period ended 30 June 2010	Period ended 30 June 2011
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Salaries and allowances	142,724	144,696	62,577	63,780
Pension costs — defined contribution plans	5,965	6,464	3,190	3,272
Total employee benefits expenses, including directors' remuneration	148,689	151,160	65,767	67,052
Less: Amounts capitalized in deferred development costs	(2,092)	(2,425)	(1,192)	(1,259)
	146,597	148,735	64,575	65,793

(a) Directors' and senior management's emoluments

The remuneration of every director of the Company for the year ended 31 December 2009 is set out below:

Name of director	Fees	Salary	Discretionary bonus	Other benefits	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Ling Chiu Yum	180	588	205	372	12	1,357
Mr. Wong Wai Hon Telly	240	960	250	—	12	1,462
Ms. Chang Men Yee Carol	180	960	400	—	48	1,588
Mr. Suen Fuk Hoi	—	438	138	—	12	588
Independent non-executive directors						
Mr. Phung Nhuong Giang	—	—	—	—	—	—
Mr. Wong Sik Kei	—	—	—	—	—	—
Mr. Ngan Chi Keung	—	—	—	—	—	—
	600	2,946	993	372	84	4,995

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

8. EMPLOYEE BENEFITS EXPENSES *(continued)*

(a) Directors' and senior management's emoluments *(continued)*

The remuneration of every director of the Company for the year ended 31 December 2010 is set out below:

Name of director	Fees	Salary	Discretionary bonus	Other benefits	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Ling Chiu Yum	100	1,087	795	93	12	2,087
Mr. Wong Wai Hon Telly	100	1,268	750	—	12	2,130
Ms. Chang Men Yee Carol	100	1,180	500	—	59	1,839
Mr. Suen Fuk Hoi	—	474	98	—	12	584
Independent non-executive directors						
Mr. Phung Nhuong Giang	—	—	—	—	—	—
Mr. Wong Sik Kei	—	—	—	—	—	—
Mr. Ngan Chi Keung	—	—	—	—	—	—
	300	4,009	2,143	93	95	6,640

The remuneration of every director of the Company for the period ended 30 June 2010 is set out below:

Name of director	Fees	Salary	Discretionary bonus	Other benefits	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Executive directors						
Mr. Ling Chiu Yum	—	487	545	93	6	1,131
Mr. Wong Wai Hon Telly	—	620	500	—	6	1,126
Ms. Chang Men Yee Carol	—	580	250	—	29	859
Mr. Suen Fuk Hoi	—	234	30	—	6	270
Independent non-executive directors						
Mr. Phung Nhuong Giang	—	—	—	—	—	—
Mr. Wong Sik Kei	—	—	—	—	—	—
Mr. Ngan Chi Keung	—	—	—	—	—	—
	—	1,921	1,325	93	47	3,386

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

8. EMPLOYEE BENEFITS EXPENSES *(continued)*

(a) Directors' and senior management's emoluments *(continued)*

The remuneration of every director of the Company for the period ended 30 June 2011 is set out below:

Name of director	Fees	Salary	Discretionary bonus	Other benefits	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Ling Chiu Yum	—	600	250	—	6	856
Mr. Wong Wai Hon Telly	—	648	250	—	6	904
Ms. Chang Men Yee Carol	—	600	250	—	30	880
Mr. Suen Fuk Hoi	—	244	30	—	6	280
Independent non-executive directors						
Mr. Phung Nhuong Giang	—	—	—	—	—	—
Mr. Wong Sik Kei	—	—	—	—	—	—
Mr. Ngan Chi Keung	—	—	—	—	—	—
	—	2,092	780	—	48	2,920

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2009 and 2010 and the six months ended 30 June 2010 and 2011 are as follows:

	Year ended 31 December 2009	Year ended 31 December 2010	Period ended 30 June 2010	Period ended 30 June 2011
			(Unaudited)	
Directors of the Company	3	3	3	3
Non-director individuals	2	2	2	2
	5	5	5	5

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

8. EMPLOYEE BENEFITS EXPENSES *(continued)*

(b) Five highest paid individuals *(continued)*

Details of emoluments paid to the five highest paid individuals who were directors of the Company during the years ended 31 December 2009 and 2010 and the six months ended 30 June 2010 and 2011 have been included in Note (a) above. Details of emoluments paid to the remaining non-director individuals are as follows:

	Year ended 31 December 2009 *HK$'000*	Year ended 31 December 2010 *HK$'000*	Period ended 30 June 2010 *HK$'000* *(Unaudited)*	Period ended 30 June 2011 *HK$'000*
Basic salaries, housing allowances, other allowances and benefits in kind	1,296	1,356	651	603
Bonuses	160	135	—	—
	1,456	1,491	651	603

The emoluments of each of the above non-director, highest paid individuals were below HK$1,000,000.

During the Relevant Periods, no emoluments were paid by the Group to any of the Company's directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Company's directors waived any emoluments during the Relevant Periods.

9. FINANCE COSTS

	Year ended 31 December 2009 *HK$'000*	Year ended 31 December 2010 *HK$'000*	Period ended 30 June 2010 *HK$'000* *(Unaudited)*	Period ended 30 June 2011 *HK$'000*
Interest on bank borrowings and bank overdrafts wholly repayable within five years	906	1,515	746	713
Interest on finance leases	208	113	68	17
	1,114	1,628	814	730

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

10. PROFIT BEFORE INCOME TAX

	Year ended 31 December 2009 *HK$'000*	Year ended 31 December 2010 *HK$'000*	Period ended 30 June 2010 *HK$'000* *(Unaudited)*	Period ended 30 June 2011 *HK$'000*
Profit before income tax is stated after charging/ (crediting):				
Depreciation and amortization				
Depreciation of owned property, plant and equipment	2,578	2,073	1,041	1,347
Depreciation of leased property, plant and equipment	1,564	1,648	820	477
Amortization of intangible assets	1,621	1,941	965	1,092
Total depreciation and amortization	5,763	5,662	2,826	2,916
Auditors' remuneration				
— current year/period provision	240	259	129	126
— over-provision in previous years/periods	—	(37)	—	—
Goodwill impairment charge *(Notes 15 and 28(i))*	—	84	84	—
Operating lease payments in respect of rented premises	5,475	5,810	2,799	2,850
Loss on disposal of property, plant and equipment	7	51	51	—
Research and development costs	1,621	1,941	965	1,092

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

11. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for each of the Relevant Periods.

	Year ended 31 December 2009	Year ended 31 December 2010	Period ended 30 June 2010	Period ended 30 June 2011
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Provision for Hong Kong profits tax	2,564	2,550	1,927	1,681
Under-provision in prior years	204	27	27	—
Current income tax	2,768	2,577	1,954	1,681
Deferred income tax *(Note 24)*	(106)	(14)	23	180
	2,662	2,563	1,977	1,861

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	Year ended 31 December 2009	Year ended 31 December 2010	Period ended 30 June 2010	Period ended 30 June 2011
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Profit before income tax	20,157	16,317	9,800	10,003
Tax calculated at Hong Kong profits tax rate of 16.5%	3,326	2,692	1,617	1,650
Income not subject to tax	(449)	—	(13)	—
Expenses not deductible for tax purposes	11	37	16	1
Tax effect of temporary differences not recognized	(94)	(3)	135	40
(Under)/Over-provision in current year/period	(40)	68	(59)	(10)
Under-provision in prior years/periods	204	27	27	—
Utilization of prior years' tax losses to set off current year's taxable profit for which no deferred income tax assets in respect of such tax losses had been previously recognized	(296)	(244)	—	—
Tax losses for which no deferred income tax asset was recognized	—	—	231	—
Others	—	(14)	23	180
Income tax expense	2,662	2,563	1,977	1,861

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

12. EARNINGS PER SHARE

For the purpose of this report, the calculation of the basic earnings per share attributable to owners of the Company is based on (i) the profit attributable to owners of the Company for the Relevant Periods and (ii) the weighted average number of 210,000,000 shares (comprising 2 shares in issue and 209,999,998 shares to be issued under the capitalization issue as described in the section headed "Changes in share capital of the Company" in Appendix V "Statutory and General Information" to the Prospectus) as if these 210,000,000 shares had been outstanding throughout the Relevant Periods.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the Relevant Periods.

13. DIVIDENDS

	Year ended 31 December 2009	Year ended 31 December 2010	Period ended 30 June 2010	Period ended 30 June 2011
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Interim dividends paid by Epro Telecom Holdings Limited	20,000	19,000	—	—

No dividend has been paid or declared by the Company since its incorporation. The above amounts represented the dividends paid by the respective subsidiaries to their then equity holders prior to the Corporate Reorganization.

The rate of dividend and the number of shares ranking for dividends have not been presented as such information is not meaningful having regard to the purpose of this report.

Subsequent to 30 June 2011, on 1 September 2011, an interim dividend of HK$16,500,000 was appropriated to Epro Group International Limited, the then sole shareholder of Epro Telecom Holdings Limited.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements, furniture and fixtures	Computer equipment	Computer software	Electronic and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2009						
Cost	15,822	20,299	8,430	14,638	208	59,397
Accumulated depreciation	(11,484)	(17,579)	(6,020)	(13,554)	(49)	(48,686)
Net book amount	4,338	2,720	2,410	1,084	159	10,711
Year ended 31 December 2009						
Opening net book amount	4,338	2,720	2,410	1,084	159	10,711
Disposal of subsidiaries *(Note 27)*	(22)	(116)	(177)	(101)	—	(416)
Acquisition of a subsidiary *(Note 28(ii))*	—	66	65	1	—	132
Additions	503	924	512	188	—	2,127
Disposal	—	(7)	—	—	—	(7)
Depreciation	(1,165)	(1,631)	(933)	(372)	(41)	(4,142)
Closing net book amount	3,654	1,956	1,877	800	118	8,405
As at 31 December 2009						
Cost	16,275	20,843	8,625	14,380	208	60,331
Accumulated depreciation	(12,621)	(18,887)	(6,748)	(13,580)	(90)	(51,926)
Net book amount	3,654	1,956	1,877	800	118	8,405
Year ended 31 December 2010						
Opening net book amount	3,654	1,956	1,877	800	118	8,405
Additions	254	504	1,213	292	462	2,725
Disposal	—	—	—	—	(111)	(111)
Depreciation	(1,167)	(1,213)	(853)	(396)	(92)	(3,721)
Closing net book amount	2,741	1,247	2,237	696	377	7,298
As at 31 December 2010						
Cost	16,529	21,347	9,838	14,672	462	62,848
Accumulated depreciation	(13,788)	(20,100)	(7,601)	(13,976)	(85)	(55,550)
Net book amount	2,741	1,247	2,237	696	377	7,298

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Leasehold improvements, furniture and fixtures	Computer equipment	Computer software	Electronic and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Period ended 30 June 2011						
Opening net book amount	2,741	1,247	2,237	696	377	7,298
Additions	171	342	362	179	—	1,054
Depreciation	(583)	(563)	(442)	(190)	(46)	(1,824)
Closing net book amount	2,329	1,026	2,157	685	331	6,528
As at 30 June 2011						
Cost	16,700	21,689	10,200	14,851	462	63,902
Accumulated depreciation	(14,371)	(20,663)	(8,043)	(14,166)	(131)	(57,374)
Net book amount	2,329	1,026	2,157	685	331	6,528

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Leasehold improvements, furniture and fixtures, computer equipment and motor vehicles include the following amounts where the Group is a lessee under finance leases:

	Leasehold improvements, furniture and fixtures	Computer equipment	Computer software	Electronic and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2009						
Cost — capitalized finance leases	3,260	1,546	—	—	—	4,806
Accumulated depreciation	(1,902)	(805)	—	—	—	(2,707)
Net book amount	1,358	741	—	—	—	2,099
As at 31 December 2010						
Cost — capitalized finance leases	3,260	1,546	—	—	462	5,268
Accumulated depreciation	(2,988)	(1,282)	—	—	(85)	(4,355)
Net book amount	272	264	—	—	377	913
As at 30 June 2011						
Cost — capitalized finance leases	—	1,546	—	—	462	2,008
Accumulated depreciation	—	(1,441)	—	—	(131)	(1,572)
Net book amount	—	105	—	—	331	436

The Group leases various leasehold improvements, furniture and fixtures, computer equipment and motor vehicles under non-cancellable finance lease agreements. The lease terms are between three and five years.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

15. INTANGIBLE ASSETS

	Goodwill	Internally generated software development costs	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2009			
Cost	—	10,564	10,564
Accumulated amortization	—	(8,129)	(8,129)
Net book amount	—	2,435	2,435
Year ended 31 December 2009			
Opening net book amount	—	2,435	2,435
Disposal of subsidiaries *(Note 27)*	—	(2,335)	(2,335)
Acquisition of a subsidiary *(Note 28(ii))*	—	2,235	2,235
Additions through internal development	—	2,092	2,092
Amortization	—	(1,621)	(1,621)
Closing net book amount	—	2,806	2,806
As at 31 December 2009			
Cost	—	12,656	12,656
Accumulated amortization	—	(9,850)	(9,850)
Net book amount	—	2,806	2,806
Year ended 31 December 2010			
Opening net book amount	—	2,806	2,806
Acquisition of a subsidiary *(Note 28(i))*	84	—	84
Additions through internal development	—	2,425	2,425
Impairment charge	(84)	—	(84)
Amortization	—	(1,941)	(1,941)
Closing net book amount	—	3,290	3,290
As at 31 December 2010			
Cost	—	15,081	15,081
Accumulated amortization	—	(11,791)	(11,791)
Net book amount	—	3,290	3,290

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

15. INTANGIBLE ASSETS *(continued)*

	Goodwill	Internally generated software development costs	Total
	HK$'000	*HK$'000*	*HK$'000*
Period ended 30 June 2011			
Opening net book amount	—	3,290	3,290
Additions through internal development	—	1,259	1,259
Amortization	—	(1,092)	(1,092)
Closing net book amount	—	3,457	3,457
As at 30 June 2011			
Cost	—	16,340	16,340
Accumulated amortization	—	(12,883)	(12,883)
Net book amount	—	3,457	3,457

Goodwill arose when Epro Online Services Limited was acquired by the Group on 1 February 2010 (Note 28(i)). Epro Online Services Limited is incorporated for the main purposes of undertaking different business contracts and insurance license registrations. The management of the Group reviewed the business operations of Epro Online Services Limited and considered that Epro Online Services Limited would not generate positive cash flows independently. This was attributable to the fact that the only significant asset of Epro Online Services Limited at the time of acquisition represented a single contract with customer and as such Epro Online Services Limited had to rely on the support of other group companies in order to generate cash flows from operations.

The carrying amount of the goodwill arising from the acquisition of a subsidiary during the year ended 31 December 2010 (Note 28(i)) has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This loss has been included in 'other operating expenses' in the statement of comprehensive income.

Intangible assets represent internally generated capitalized software development costs. Such intangible assets have definite useful lives and are amortized on a straight-line basis over 4 years.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 December 2009 *HK$'000*	**As at 31 December 2010** *HK$'000*	**As at 30 June 2011** *HK$'000*
Beginning of the year/period	4,395	4,538	—
Disposals	—	(4,560)	—
Net gains transfer to equity	143	22	—
End of the year/period	4,538	—	—

The Group removed profits of approximately HK$352,000 from other comprehensive income into profit or loss for the year ended 31 December 2010. There were no impairment provisions on available-for-sale financial assets for the Relevant Periods.

Available-for-sale financial assets include the following:

	As at 31 December 2009 *HK$'000*	**As at 31 December 2010** *HK$'000*	**As at 30 June 2011** *HK$'000*
Unlisted unit trust funds, at market value	4,538	—	—

Available-for-sale financial assets were denominated in United States dollar.

None of these financial assets was impaired.

Unlisted unit trust funds were pledged to bank to secure banking facilities of the Company's subsidiary.

17. TRADE AND OTHER RECEIVABLES

	As at 31 December 2009 *HK$'000*	**As at 31 December 2010** *HK$'000*	**As at 30 June 2011** *HK$'000*
Trade receivables	24,898	28,542	25,382
Other receivables, deposits and prepayments	5,552	4,734	6,634
	30,450	33,276	32,016

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

17. TRADE AND OTHER RECEIVABLES *(continued)*

The average credit period on the Group's sales is 30 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
0 — 30 days	18,403	24,123	21,798
31 — 60 days	4,516	3,566	2,804
61 — 90 days	1,191	597	602
Over 90 days	788	256	178
	24,898	28,542	25,382

Trade receivables that are less than 30 days past due are not considered impaired. As at 31 December 2009 and 2010 and 30 June 2011, the Group's trade receivables of approximately HK$6,833,000, HK$3,564,000 and HK$4,048,000 respectively were past due but not impaired. These relate to a number of independent clients for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
0 — 30 days	4,845	2,702	2,761
31 — 60 days	1,554	621	1,099
61 — 90 days	434	241	188
	6,833	3,564	4,048

As at 31 December 2009 and 2010 and 30 June 2011, none of the Group's trade receivables were impaired.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the end of the reporting period is the fair value of each class of receivables. The Group does not hold any collateral or other credit enhancements over these balances.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

18. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
Unlisted investment:			
– Designated as at fair value through profit or loss	—	3,199	3,232
Market value of the unlisted investment	—	3,199	3,232

Changes in fair values of financial assets designated as at fair value through profit or loss are recorded in "Other gains – net" in the statement of comprehensive income.

The fair value of the investment as at the end of each of the Relevant Periods is based on its current bid prices in an active market offered by banker in Hong Kong.

The financial assets designated as at fair value through profit or loss have been pledged to bank to secure banking facilities of the Company's subsidiaries.

19. AMOUNTS DUE FROM RELATED COMPANIES

Name of related companies	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
Epro Group International Limited	8,463	1,127	6,900
Epro Techsoft Limited	4,791	901	1,001
Take Shine Limited	121	—	—
Epro BPO Services Limited	3,060	—	512
	16,435	2,028	8,413

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

19. AMOUNTS DUE FROM RELATED COMPANIES *(continued)*

Maximum amounts outstanding during each of the Relevant Periods

Name of related companies	Year ended 31 December 2009	Year ended 31 December 2010	Period ended 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
Epro Group International Limited	8,463	16,213	6,900
Epro Techsoft Limited	5,219	14,208	1,003
Take Shine Limited	199	199	—
Epro BPO Services Limited	11,619	10,422	512

Epro Techsoft Limited, Take Shine Limited and Epro BPO Services Limited are subsidiaries of Epro Group International Limited. Epro Group International Limited is wholly owned by Merry Silver Limited, which is owned as to 47% by Mr. Wong Wai Hon Telly, 46% by Mr. Ling Chiu Yum, 5% by Ms. Chang Men Yee Carol and 2% by Ms. Ting Yee Mei.

Epro Group International Limited is principally engaged in investment holding.

Epro Techsoft Limited is principally engaged in selling or reselling various software products principally in the People's Republic of China (the "PRC"), Hong Kong and Macau.

Take Shine Limited is principally engaged in property investment and letting.

Epro BPO Services Limited is principally engaged in investment holding, property investment and letting.

The amounts due from the above related companies were unsecured, interest-free and had no fixed terms of repayment. The amounts due from related companies were fully settled in December 2011.

The above balances are denominated in the functional currencies of the relevant group entities.

20. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure the banking facilities and factoring facilities of the Group. The effective interest rates on pledged bank deposits ranged from 0.01% to 0.02% per annum, from 0.01% to 0.60% per annum, from 0.01% to 0.70% per annum, at 31 December 2009 and 2010 and 30 June 2011 respectively. The maturity of these deposits ranged from 30 to 90 days.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

21. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Cash, cash equivalents and bank overdrafts include the following for the purposes of the combined statement of cash flows:

	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents	22,612	26,633	17,119
Bank overdrafts *(Note 23)*	(1,687)	(357)	—
	20,925	26,276	17,119

22. TRADE AND OTHER PAYABLES

	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	1,138	815	442
Other payables and accruals	21,073	20,164	10,830
	22,211	20,979	11,272

At 31 December 2009, included in trade payables is an amount of HK$93,000 due to a related company, namely, Paciglory Limited. Paciglory Limited is beneficially owned by Mr. Ling Chiu Yum (a director of the Company) and his lawful wife (namely, Ms. Ku Ming Heung) in equal proportions and is principally engaged in investment holding.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

22. TRADE AND OTHER PAYABLES *(continued)*

At 31 December 2009 and 2010 and 30 June 2011, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December 2009 *HK$'000*	As at 31 December 2010 *HK$'000*	As at 30 June 2011 *HK$'000*
0 — 30 days	697	385	328
31 — 60 days	204	345	101
61 — 90 days	175	79	12
Over 90 days	62	6	1
	1,138	815	442

23. BORROWINGS

	As at 31 December 2009 *HK$'000*	As at 31 December 2010 *HK$'000*	As at 30 June 2011 *HK$'000*
Non-current			
Finance lease liabilities	803	228	190
Current			
Bank overdrafts *(Note 21)*	1,687	357	—
Bank borrowings	16,962	18,719	14,537
Finance lease liabilities	1,398	877	218
	20,047	19,953	14,755
Total borrowings	20,850	20,181	14,945

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

23. BORROWINGS *(continued)*

The secured bank borrowings and bank overdrafts are analysed as follows *(Note)*:

	As at 31 December 2009 *HK$'000*	As at 31 December 2010 *HK$'000*	As at 30 June 2011 *HK$'000*
Within 1 year	11,085	7,388	4,664
More than 1 year but not more than 2 years	3,988	3,461	3,343
More than 2 years but not more than 5 years	3,576	8,227	6,530
	18,649	19,076	14,537

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

As at 31 December 2009 and 2010 and 30 June 2011, the bank overdrafts bore interest at Hong Kong dollar prime rate plus 1.5% per annum, Hong Kong dollar prime rate plus 0.50% to 1.00% per annum and Hong Kong dollar prime rate plus 0.50% to 1.00% per annum, respectively. The effective interest rates of the bank borrowings ranged from 3.50% to 7.00% per annum, from 5.00% to 7.00% per annum, from 5.00% to 7.00% at 31 December 2009 and 2010 and 30 June 2011, respectively.

The interest-bearing bank borrowings, including the term loans repayable on demand, are carried at amortized cost.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

23. BORROWINGS *(continued)*

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default.

	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*
Gross finance lease liabilities — minimum lease payments:			
No later than 1 year	1,495	902	232
Between 1 and 2 years	812	88	90
Later than 2 years and no later than 5 years	—	158	113
	2,307	1,148	435
Future finance charges on finance leases	(106)	(43)	(27)
Present value of finance lease liabilities	2,201	1,105	408

The present value of finance lease liabilities is as follows:

	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
No later than 1 year	1,398	877	218
Between 1 and 2 years	803	78	81
Later than 2 years and no later than 5 years	—	150	109
	2,201	1,105	408

As at 30 June 2011, the banking facilities and factoring facilities of the Group were secured by the following:

(i) Personal guarantees executed by Mr. Ling Chiu Yum and Mr. Wong Wai Hon Telly, directors of the Company, which will be fully released upon the listing of the Company's shares on GEM ("Listing");

(ii) Corporate guarantees executed by Epro Group International Limited, which will be fully released upon Listing;

(iii) Pledged financial assets designated as at fair value through profit or loss with carrying amount of approximately HK$3,232,000;

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

23. BORROWINGS *(continued)*

(iv) Pledged bank deposits with carrying amount of approximately HK$3,572,000;

(v) Proceeds in relation to certain trade receivables of the subsidiaries of the Company;

(vi) Assignment of certain trade receivables by the subsidiaries of the Company;

(vii) Guarantee by the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme; and

(viii) Pledged computer equipment.

24. DEFERRED INCOME TAX

The components of deferred income tax liabilities recognized in the combined statements of financial position and the movements during the Relevant Periods are as follows:

	Accelerated tax depreciation		
	As at 31 December 2009	**As at 31 December 2010**	**As at 30 June 2011**
	HK$'000	*HK$'000*	*HK$'000*
Beginning of the year/period	173	67	53
(Credited)/Charged to the statement of comprehensive income	(106)	(14)	180
End of the year/period	67	53	233

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets in respect of the tax losses at the end of the reporting period as the directors of the Company consider that it is uncertain as to the extent that future profits will be available against which tax losses can be utilized in the foreseeable future.

As at 31 December 2009 and 2010 and 30 June 2011, the Group has unused tax losses of approximately HK$1,480,000, nil and nil, respectively which are available for offset against future profits that may be carried forward indefinitely.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

25. SHARE CAPITAL

For the purpose of the preparation of the combined statements of financial position, the balance of share capital at 31 December 2009 and 2010 and 30 June 2011 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group held by Epro Group International Limited, the then holding company, prior to the Corporate Reorganization.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 29 June 2011 with an initial authorized share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each and one share was issued thereafter. On 16 December 2011, the authorized share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional of 4,962,000,000 ordinary shares of HK$0.01 each, each ranking pari passu with the shares then in issue in all respects.

26. SHARE PREMIUM

Share premium arose from the issue of shares at a price greater than the par value of the shares and can be utilized for future bonus issue.

27. DISPOSAL OF SUBSIDIARIES

On 19 January 2009, the Group disposed of its entire equity interests in Epro Investment Inc. (formerly known as Paging Services Inc.) and its subsidiaries (namely, Epro Logic Limited, Epro Techsoft Limited and Shenzhen Eprotone Technology Development Co. Ltd.), to Epro Group International Limited, for a consideration of US$2 (equivalent to approximately HK$15). The aforesaid disposal was completed on 19 January 2009. The reason for the disposal of Epro Investment Inc. was for segmenting the PRC and Hong Kong businesses.

Epro Investment Inc. is principally engaged in investment holding. Epro Logic Limited is principally engaged in research and development of telecommunication systems software and provision of related consulting services; Epro Techsoft Limited is principally engaged in selling or reselling various software products principally in the PRC, Hong Kong and Macau; and Shenzhen EproTone Technology Development Co. Ltd. is principally engaged in research and development of electronic devices, instruments and computer software and provision of telecommunication systems software and electronic technology consulting services.

Epro Group International Limited is wholly owned by Merry Silver Limited and is principally engaged in investment holding.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

27. DISPOSAL OF SUBSIDIARIES *(continued)*

The assets and liabilities of Epro Investment Inc. and its subsidiaries at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment *(Note 14)*	416
Intangible assets *(Note 15)*	2,335
Trade and other receivables	2,796
Amount due from an intermediate holding company	1,106
Amount due from a fellow subsidiary	1,385
Tax recoverable	17
Bank balances	501
Trade and other payables	(1,081)
Amounts due to fellow subsidiaries	(6,843)
	632
Release of translation reserve	(194)
Non-controlling interests	(302)
Loss on disposal of subsidiaries	(136)
	—
Satisfied by:	
Cash	—
Net cash outflows arising on disposal of subsidiaries:	
Cash consideration received	—
Less: Bank balances disposed	(501)
	(501)

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

28. ACQUISITION OF A SUBSIDIARY

(i) For the year ended 31 December 2010

On 1 February 2010, Epro Group International Limited, the then holding company of Epro Telecom Holdings Limited, acquired the entire equity interest in Epro Online Services Limited from Ms. Cheung Lei Tsing, Patricia (who is the lawful wife of Mr. Wong Wai Hon Telly) for a consideration of HK$1. The aforesaid acquisition was completed on 1 February 2010.

The assets and liabilities acquired at the date of acquisition was as follows:

	HK$'000
Net assets acquired:	
Trade and other receivables	442
Bank balances	244
Other payables	(8)
Amounts due to fellow subsidiaries	(711)
Amount due to a shareholder	(49)
Income tax payable	(2)
	(84)
Goodwill *(Note 15)*	84
Total consideration	—
Satisfied by:	
Cash	—
Net cash inflows arising on acquisition of a subsidiary:	
Cash consideration paid	—
Less: Bank balances acquired	244
	244

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

28. ACQUISITION OF A SUBSIDIARY *(continued)*

(i) For the year ended 31 December 2010 *(continued)*

Goodwill arose when Epro Online Services Limited was acquired by the Group on 1 February 2010. Epro Online Services Limited is incorporated for the main purposes of undertaking different business contracts and insurance license registrations. The management of the Group reviewed the business operations of Epro Online Services Limited and considered that Epro Online Services Limited would not generate positive cash flows independently. This was attributable to the fact that the only significant asset of Epro Online Services Limited at the time of acquisition represented a single contract with customer and as such Epro Online Services Limited had to rely on the support of other group companies in order to generate cash flows from operations. The directors of the Company performed an impairment test of goodwill upon completion of the acquisition resulting in a full impairment of goodwill immediately.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The discount rate applied to the cash flow projections is 5%. The growth rate does not exceed the long-term average growth rate for the business in which the cash-generating unit operates.

Epro Online Services Limited is principally engaged in provision of consultancy services and recruitment and training, and contributed a loss of approximately HK$19,000 to the Group's profits for the period between the date of acquisition and 31 December 2010. If the acquisition had been completed on 1 January 2010, total Group revenue for the year ended 31 December 2010 would have been approximately HK$191,147,000 and profit for the year ended 31 December 2010 would have been approximately HK$13,754,000. The pro forma information was for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010, nor is it intended to be a projection of future results.

(ii) For the year ended 31 December 2009

On 19 February 2009, the Group acquired the entire equity interest in Epro Logic Limited from Epro Investment Inc. (formerly known as Paging Services Inc.) for a consideration of HK$3 million. The consideration of HK$3 million was based on a debt owing to the Group in the sum of HK$3 million by Epro Investment Inc. The aforesaid acquisition was completed on 19 February 2009. The reasons for the acquisition of Epro Logic Limited is because the directors of the Company consider that the WISE-xb System is an important asset of the Group and accordingly, it is more appropriate for the Group to hold the ownership of WISE-xb System instead of a company that is not a group member.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

28. ACQUISITION OF A SUBSIDIARY *(continued)*

(ii) For the year ended 31 December 2009 *(continued)*

The assets and liabilities acquired at the date of acquisition was as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment *(Note 14)*	132
Intangible assets *(Note 15)*	2,235
Other receivables, deposits and prepayments	534
Amounts due from fellow subsidiaries	3,001
Bank balances	2
Other payables	(244)
Income tax payable	(23)
	5,637
Gain on acquisition of a subsidiary	(2,637)
Total consideration	3,000
Satisfied by:	
Cash	3,000
Net cash outflows arising on acquisition of a subsidiary:	
Cash consideration paid	(3,000)
Less: Bank balances acquired	2
	(2,998)

Epro Logic Limited contributed a loss of approximately HK$1,360,000 to the Group's profits for the period between the date of acquisition and 31 December 2009. If the acquisition had been completed on 1 January 2009, total Group revenue for the year ended 31 December 2009 would have been approximately HK$190,632,000 and profit for the year ended 31 December 2009 would have been approximately HK$17,156,000. The pro forma information was for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2009, nor is it intended to be a projection of future results.

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

29. OPERATING LEASE COMMITMENTS

The Group had commitments for future aggregate minimum lease payments under non-cancellable operating leases in respect of rented office premises as follows:

	As at 31 December 2009 *HK$'000*	As at 31 December 2010 *HK$'000*	As at 30 June 2011 *HK$'000*
No later than 1 year	6,585	5,999	4,831
Later than 1 year and no later than 5 years	6,161	5,053	3,133
	12,746	11,052	7,964

The Group leases office premises are under operating lease arrangements. Leases for properties are for terms ranging from one to three years.

30. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed in Notes 19, 22, 23, 27 and 28 to the Financial Information, the Group entered into the following significant related party transactions during the Relevant Periods:

Name of related parties	Nature of transactions	*Notes*	Year ended 31 December 2009 *HK$'000*	Year ended 31 December 2010 *HK$'000*	Period ended 30 June 2010 *HK$'000* *(Unaudited)*	Period ended 30 June 2011 *HK$'000*
Paciglory Limited	Rental expenses	*(i)*	93	—	—	—
Epro BPO Services Limited	Rental expenses	*(i) & (iv)*	2,130	1,775	1,065	—
Epro Techsoft Limited	Insourcing service fee	*(iii) & (iv)*	530	—	—	—
	Purchase of software system	*(iii) & (iv)*	—	—	—	274
	Sales of software system	*(iii) & (iv)*	(557)	—	—	—
	Management fee income	*(iii) & (iv)*	(163)	(200)	(148)	(164)
	License fee income	*(ii), (iv) & (vi)*	(394)	(511)	(313)	—
Guangzhou EproTech Company Limited	Subcontracting fee for software technical research and development services	*(iii), (iv) & (vi)*	—	1,145	—	—
Epro Online Services Limited	Facilities management service income	*(iii) & (v)*	(2,224)	—	—	—

A. FINANCIAL INFORMATION *(continued)*

Notes to the Financial Information *(continued)*

30. RELATED PARTY TRANSACTIONS *(continued)*

Notes:

(i) Rental expenses were charged in accordance with the lease agreement. The transaction will discontinue after Listing.

(ii) Pursuant to a distributorship agreement entered into between Epro Techsoft Limited and Epro Logic Limited (a subsidiary of the Company), Epro Techsoft Limited distributes and sells the WISE-xb System for Epro Logic Limited, and Epro Techsoft Limited is entitled to receive half of the license fees paid by the end customers of WISE-xb System while the remaining half of the license fees are remitted to Epro Logic Limited. The transaction is expected to continue after Listing.

(iii) Management fee income, insourcing service fee, facilities management service income, sales and purchase of software system and subcontracting fee are based on terms mutually agreed between the parties involved. Except for the subcontracting fee for software technical research and development services, other transactions with related parties will discontinue after Listing.

(iv) Epro BPO Services Limited, Epro Techsoft Limited and Guangzhou EproTech Company Limited are subsidiaries of Epro Group International Limited. Epro Group International Limited is wholly owned by Merry Silver Limited, a company in which Mr. Wong Wai Hon Telly, Mr. Ling Chiu Yum, Ms. Chang Men Yee Carol and Ms. Ting Yee Mei have beneficial interests.

(v) Prior to the acquisition of Epro Online Services Limited by Epro Group International Limited on 1 February 2010 *(Note 28(i))*, Epro Online Services Limited was beneficially owned by Ms. Cheung Lei Tsing, Patricia.

(vi) These related party transactions will continue after Listing and will also constitute continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

Key management personnel compensation

	Year ended 31 December 2009	Year ended 31 December 2010	Period ended 30 June 2010	Period ended 30 June 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Salaries and short-term employee benefits	4,911	6,545	3,339	2,872
Post employment benefits	84	95	47	48
	4,995	6,640	3,386	2,920

B. DIRECTORS' REMUNERATION

Save as disclosed in this report, no remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Relevant Periods. Under the arrangements presently in force, the aggregate remuneration of the Company's directors for the year ending 31 December 2011 is expected to be approximately HK$6,208,000.

C. SUBSEQUENT EVENTS

Save as disclosed elsewhere in this report, the following significant events took place subsequent to 30 June 2011:

(a) On 1 September 2011, an interim dividend of HK$16,500,000 was appropriated to Epro Group International Limited, the then sole shareholder of Epro Telecom Holdings Limited. The aforesaid interim dividend has been fully paid and settled prior to the Listing.

(b) The companies now comprising the Group underwent the Corporate Reorganization in preparation for the listing of the shares of the Company on the GEM of the Stock Exchange. Further details of the Corporate Reorganization are set out in the paragraph headed "Reorganization" in Appendix V "Statutory and General Information" to the Prospectus. As a result of the Corporate Reorganization, the Company became the holding company of all the subsidiaries now comprising the Group on 13 December 2011.

(c) On 16 December 2011, the authorized share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 shares.

(d) On 21 December 2011, resolutions in writing of the sole shareholder of the Company were passed to approve the matters set out in the paragraph headed "Written resolutions of the sole Shareholder passed on 21 December 2011" in Appendix V to the Prospectus, including the following material matters:

    (i) the share premium account being credited as a result of the placing, an amount of HK$2,099,999.98 which will then be standing to the credit of the share premium account of the Company be capitalized and applied to pay up in full at par a total of 209,999,998 shares for allotment and issue to holder(s) of shares whose name(s) shall appear on the register of members of the Company at the close of business on 21 December 2011 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in the Company, and the directors were authorized to give effect to the capitalization issue and the shares to be allotted and issued shall, save for the entitlements to the capitalization issue, rank pari passu in all respects with all existing shares.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group have been prepared in respect of any period subsequent to 30 June 2011.

Yours faithfully,
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the Accountants' Report prepared by HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included in this prospectus for information only.

The following unaudited pro forma financial information prepared in accordance with paragraph 7.31 of the GEM Listing Rules is for illustrative purposes only, and is set out here to provide investors with further information about how the proposed listing might have affected the net tangible assets of our Group as if the Placing had occurred on 30 June 2011. Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of our Group's financial results and positions of the financial periods concerns.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Placing as if it had taken place on 30 June 2011. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group after the Placing or at any future dates.

	Adjusted combined net tangible assets of the Group attributable to owners of the Company as at 30 June 2011	**Add: Estimated net proceeds from the Placing**	**Unaudited pro forma adjusted net tangible assets**	**Unaudited pro forma adjusted net tangible assets per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on the Placing Price of HK$0.60 per Share	42,105	27,000	69,105	0.25

Notes:

1. The adjusted combined net tangible assets of the Group attributable to owners of the Company as at 30 June 2011 were determined as follows:

	HK$'000
Audited combined net assets of the Group as at 30 June 2011 as shown in the Accountants' Report as set out in Appendix I to this prospectus	45,562
Less: Intangible assets as at 30 June 2011	3,457
Adjusted combined net tangible assets of the Group attributable to owners of the Company as at 30 June 2011	42,105

2. The estimated net proceeds from the Placing are based on the Placing Price of HK$0.60 per Share, after deduction of estimated expenses for the Listing but without taking into account any Shares which may fall to be issued upon exercise of the Offer Size Adjustment Option.

3. The unaudited pro forma adjusted net tangible assets per Share are determined after the adjustments as described in notes 1 and 2 above and on the basis that 280,000,000 Shares are issued and outstanding as set out in the section headed "Share Capital" in this prospectus, but takes no account of any Shares which may fall to be allotted and issued upon exercise of the Offer Size Adjustment Option.

4. On 1 September 2011, an interim divided of HK$16,500,000 was appropriated to Epro Group International Limited, the then sole shareholder of Epro Telecom Holdings Limited (which is now an indirect wholly-owned subsidiary of the Company). The unaudited pro forma adjusted net tangible assets had not taken into account of the above transaction.

5. The unaudited pro forma financial information presented above does not take account of any trading or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 30 June 2011).

B. REPORT ON UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is the text of a report received from the reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

30 December 2011

The Directors
ETS Group Limited
Mizuho Securities Asia Limited

Dear Sirs,

Introduction

We report on the unaudited pro forma adjusted net tangible assets (the "Unaudited Pro Forma Financial Information") of ETS Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the placing of 70,000,000 shares of HK$0.01 each in the capital of the Company might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated 30 December 2011 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section A of Appendix II to the Prospectus.

Respective responsibilities of the directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2011 or any future date.

We make no comments regarding the reasonableness of the amount of net proceeds from the placing of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under the paragraph headed "Use of Proceeds" in the section headed "Business Objectives and Strategies" in the Prospectus.

Opinion

In our opinion:

a. the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

The following is the text of the letter and valuation certificate received from DTZ Debenham Tie Leung Limited, an independent property valuer, prepared for the purpose of incorporation in this prospectus in connection with their valuation of the properties as at 30 November 2011.

DTZ 戴德梁行

30 December 2011

ETS Group Limited
Units 6, 7 and 8, 30th Floor, Enterprise Square Three,
No. 39 Wang Chiu Road,
Kowloon Bay, Kowloon
Hong Kong

Dear Sirs,

In accordance with your instruction for us to carry out market valuations of the property interests held by ETS Group Limited (the "Company") or its subsidiaries (hereinafter together referred to as the "Group") in Hong Kong, we confirm that we have carried out inspections, made relevant enquires and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the values of the property interests as at 30 November 2011 (the "Date of Valuation").

Our valuation of each of the property interests represents its market value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

In valuing the property interests, we have complied with the requirements in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Our valuations exclude estimated prices inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with a sale, or any element of special value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor any expenses or taxation which may be incurred in effecting sales. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of any onerous nature, which could affect their values.

All the properties are leased by the Group. They are considered to be of no commercial value due to prohibition against assignment or lack of substantial profit rent.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion date of buildings, identification of properties, building specifications, particulars of occupancy, tenancy details, floor areas and all other relevant matters.

Dimensions, measurements and areas included in this valuation report are based on information provided to us and therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us. We were also advised by the Group that no material facts have been omitted from the information supplied.

We have inspected the exterior and, where possible, the interior of the properties. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report whether the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

We have caused searches to be made at the Land Registry in Hong Kong. However, we have not searched the original documents to verify ownership or to verify any amendments to any documents. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate.

We enclose herewith a summary of valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited

K. B. Wong
Registered Professional Surveyor
M.R.I.C.S., M.H.K.I.S.
Senior Director

Note: Mr. K.B. Wong is a Registered Professional Surveyor who has over 25 years' experience in valuation of properties in Hong Kong.

SUMMARY OF VALUATIONS

	Property	Capital value in existing state as at 30 November 2011 *HK$*
	Properties leased by the Group in Hong Kong	
1.	Units 6, 7 and 8 on 30th Floor, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon Hong Kong.	No commercial value
2.	Units Nos. 1, 2 and 3 on the 6th Floor, New Bright Building, No. 11 Sheung Yuet Road, Kowloon Bay, Kowloon Hong Kong.	No commercial value
3.	Workshop No. 8 on the 9th Floor, Kam Hon Industrial Building, No. 8 Wang Kwun Road, Kowloon Bay, Kowloon Hong Kong.	No commercial value
4.	All That Factory or Factories on 1st Floor including Flat Roof Thereof, Block I of Camelpaint Buildings Block I and Block II, No. 62 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.	No commercial value
5.	Workshop Unit 2 on 1st Floor, Hoi Luen Industrial Centre, No. 55 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenancy particulars	Capital value in existing state as at 30 November 2011
1.	Units 6, 7 and 8 on 30th Floor, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon Hong Kong.	The property comprises 3 office units on the 30th floor of a 41-storey commercial building completed in 2004. The property has a total gross floor area of approximately 6,870 sq.ft. (638.24 sq.m.) and is currently occupied by the Group for office use. The property is leased to the Group for a term of 2 years from 1 January 2010 to 31 December 2011 at a monthly rent of HK$103,200, inclusive of Rates, Government Rent, management fees but exclusive of all other utilities charges.	No commercial value
2.	Units Nos. 1, 2 and 3 on the 6th Floor, New Bright Building, No. 11 Sheung Yuet Road, Kowloon Bay, Kowloon Hong Kong.	The property comprises 3 industrial units on the 6th floor of a 10-storey plus a basement industrial building completed in 1985. The property has a total gross floor area of approximately 17,810 sq.ft. (1,654.59 sq.m.) and is currently occupied by the Group for ancillary office use and operation of call centre services. The property is leased to the Group for a term of 3 years from 1 June 2009 to 31 May 2012 at a monthly rent of HK$186,154.50, exclusive of Rates, Government Rent, management fees, condensing water charge and other outgoings.	No commercial value
3.	Workshop No. 8 on the 9th Floor, Kam Hon Industrial Building, No. 8 Wang Kwun Road, Kowloon Bay, Kowloon Hong Kong.	The property comprises an industrial unit on the 9th floor of an 11-storey plus a basement industrial building completed in 1984. The property has a saleable area of approximately 620 sq.ft. (57.60 sq.m.) and is currently occupied by the Group for storage use. The property is leased to the Group for a term of 2 years from 1 July 2011 to 30 June 2013 at a monthly rent of HK$7,800, inclusive of Rates, Government Rent and management fees.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 30 November 2011
4.	All That Factory or Factories on 1st Floor including Flat Roof Thereof, Block I of Camelpaint Buildings Block I and Block II, No. 62 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.	The property comprises the whole of the 1st floor of a 14-storey plus a basement industrial building completed in 1981. The property has a gross floor area of approximately 14,795 sq.ft. (1,374.48 sq.m.) and is currently occupied by the Group for ancillary office use and operation of call centre services. The property is originally leased to a related company of the Group, Epro BPO Services Limited for a term of 3 years from 2 November 2010 to 1 November 2013 with an option to renew for 2 years at a current monthly rent of HK$195,800, exclusive of Rates, Government rent, management fees, waiver fee (if any) and other outgoings. The property is sub-leased from Epro BPO Services Limited to an indirect wholly-owned subsidiary of the Group, Epro Telecom Services Limited which is a sub-tenant for a term from 2 November 2010 to 1 November 2013. Upon request of Epro BPO Services Limited, Epro Telecom Services Limited had directly paid the rents under the original tenancy agreement on behalf of Epro BPO Services Limited.	No commercial value
5.	Workshop Unit 2 on 1st Floor, Hoi Luen Industrial Centre, No. 55 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.	The property comprises an industrial unit on the 1st floor of a 15-storey plus a basement industrial building completed in 1985. The property has a gross floor area of approximately 10,631 sq.ft. (987.64 sq.m.) and is currently occupied by the Group for ancillary office use and operation of call centre services. The property is leased to the Group for a term from 1 August 2011 to 31 July 2014 at a monthly rent of HK$106,310, exclusive of Rates, Government Rent and management fees and air-conditioning charges.	No commercial value

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 June 2011 under the Companies Law. The Memorandum and the Articles comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 21 December 2011. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s) as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

Any Director who is prohibited from voting on any resolution of the board pursuant to the above shall not be entitled to attend the meeting at which such resolution is proposed unless his presence at the meeting is expressly requested by a majority of those Directors who have been designated by the Company as independent non-executive Directors.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(e) Special resolution majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s) including, where a show of hands is allowed, the right to vote individually on a show of hands).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 19 July 2011.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (pari passu if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES

1. Incorporation of the Company

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 29 June 2011.

The Company has established its principal place of business in Hong Kong at Room 601-3, New Bright Building, 11 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 10 August 2011. Mr. Wong and Mr. Ling have been appointed as the authorized representatives of the Company for acceptance of service of process in Hong Kong. As the Company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands laws and its constitutive documents comprising the Memorandum and the Articles of Association. A summary of certain parts of its constitution and relevant aspects of the Cayman Islands company law is set out in Appendix IV to this prospectus.

2. Changes in share capital of the Company

The authorized share capital of the Company as at the date of its incorporation was HK$380,000 divided into 38,000,000 Shares. The following alterations in the share capital of the Company have taken place since its incorporation:

(a) on 29 June 2011, one Share was allotted and issued at par to Codan Trust Company (Cayman) Limited as the initial subscriber, which was then transferred by Codan Trust Company (Cayman) Limited to EGIL on the same date;

(b) in consideration of the acquisition by the Company of the entire issued share capital of Eastside Fortune, one Share was allotted and issued by the Company on 13 December 2011 to EGIL, credited as fully paid;

(c) Pursuant to the resolutions in writing of the sole Shareholder passed on 13 December 2011, the Company increased its authorized share capital from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares on the same date;

(d) on 16 December 2011, EGIL transferred 2 Shares to Excel Deal in consideration of Excel Deal allotting and issuing 47, 46, 5 and 2 new shares, credited as fully paid, to Mr. Wong, Mr. Ling, Ms. Chang and Ms. Ting respectively; and

(e) immediately following completion of the Placing and the Capitalization Issue and the issue of Shares as mentioned herein being made, the authorized share capital of the Company will be HK$50,000,000 divided into 5,000,000,000 Shares and the issued share capital will be HK$2,800,000 divided into 280,000,000 Shares, all fully paid or credited as fully paid and 4,720,000,000 Shares will remain unissued. Other than any Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorized but unissued share capital of the Company and, without the prior approval of the members in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as aforesaid, there has been no alteration in the share capital of the Company since its incorporation.

3. Written resolutions of the sole Shareholder passed on 21 December 2011

Pursuant to the written resolutions of the sole Shareholder passed on 21 December 2011:

(a) the Company approved and adopted the Articles of Association;

(b) conditional on the same conditions as stated in the paragraph headed "Conditions of the Placing" in the section headed "Structure and conditions of the Placing" in this prospectus:

(i) the Placing was approved and the Directors were authorized to allot and issue the Placing Shares;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in section headed "Share Option Scheme" of this appendix, were approved and adopted and the Directors were authorized to implement the same, grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme including without limitation: (1) administering the Share Option Scheme; (2) modifying and/or amending the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment and the requirement of the GEM Listing Rules; (3) granting options under the Share Option Scheme and issuing and allotting from time to time any Shares pursuant to the exercise of the options that may be granted under the Share Option Scheme with an aggregate nominal value not exceeding 10% of the total nominal value of the share capital of the Company in issue on the Listing Date; and (4) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be allotted and issued pursuant to the exercise of the options granted under the Share Option Scheme;

(iii) conditional also on the share premium account being credited as a result of the Placing, an amount of HK$2,099,999.98 which will then be standing to the credit of the share premium account of the Company be capitalized and applied to pay up in full at par a total of 209,999,998 Shares for allotment and issue to holder(s) of Shares whose name(s) shall appear on the register of members of the Company at the close of business on 21 December 2011 (or as they may direct) in proportion (as nearly as possible without involving fractions) to its/their respective then existing shareholdings in the Company, and the Directors were authorized to give effect to the Capitalization Issue and the Shares to be allotted and issued shall, save for the entitlements to the Capitalization Issue, rank pari passu in all respects with all existing Shares;

(iv) a general unconditional mandate was given to the Directors to allot, issue and deal with (otherwise than by way of rights, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or pursuant to the exercise of any option which may be granted under the Share Option Scheme or under the Placing or the Capitalization Issue) Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue and as enlarged immediately following completion of the Capitalization Issue and the Placing (excluding Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever is the earliest;

(v) a general unconditional mandate was given to the Directors authorising them to exercise all powers of the Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the Capitalization Issue and the Placing (excluding Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever is the earliest; and

(vi) the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (v) above to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate provided that such extended amount shall not exceed 10% of the aggregate of the total nominal amount of the share capital of the Company in issue immediately following completion of the Capitalization Issue and the Placing (excluding Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme).

4. Reorganization

Our Group underwent the Reorganization in preparation for the Listing which involved the following steps:

(a) on 29 June 2011, the Company was duly incorporated in the Cayman Islands as an exempted company with 1 Share being allotted and issued at par to Codan Trust Company (Cayman) Limited as the initial subscriber. On 29 June 2011, Codan Trust Company (Cayman) Limited transferred its 1 Share to EGIL and the Company was registered under Part XI of the Companies Ordinance as a non-Hong Kong company on 10 August 2011;

(b) on 15 June 2011, Eastside Fortune was duly incorporated in the BVI. On 15 August 2011, one share of Eastside Fortune was allotted and issued and credited as fully paid to EGIL;

(c) on 9 June 2011, Excel Deal was duly incorporated in the BVI. On 15 August 2011, 47 shares, 46 shares, 5 shares and 2 shares of Excel Deal were allotted and issued and credited as fully paid to Mr. Wong, Mr. Ling, Ms. Chang and Ms. Ting respectively;

(d) on 13 July 2011, pursuant to the resolution passed by the sole Shareholder, the name of the Company has been changed from Epro Telecom Services Group Ltd. to Epro Telecom Services Group Limited 易寶通訊服務集團有限公司 with effect from 13 July 2011;

(e) on 24 November 2011, pursuant to the resolution passed by the sole Shareholder, the name of the Company has been changed from Epro Telecom Services Group Limited 易寶通訊服務集團有限公司 to ETS Group Limited 易通訊集團有限公司 with effect from 24 November 2011;

(f) on 12 December 2011, EGIL transferred the entire issued ordinary share capital in EOSL to ETS in consideration of ETS allotting and issuing one new share to ETH, and ETH in turn allotting and issuing one new share to EGIL on the same date;

(g) on 12 December 2011, EGIL transferred all the issued shares of ETH to Eastside Fortune in consideration of Eastside Fortune allotting and issuing 1 share, credited as fully paid up, to EGIL, so that ETH became wholly owned by Eastside Fortune;

(h) on 13 December 2011, EGIL transferred the entire issued ordinary share capital in Eastside Fortune to the Company in consideration of the Company allotting and issuing 1 Share, credited as fully paid up, to EGIL, so that Eastside Fortune became wholly owned by the Company and the Company became wholly owned by EGIL;

(i) on 13 December 2011, the Company increased its authorized share capital from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares;

(j) on 16 December 2011, EGIL transferred 2 Shares to Excel Deal in consideration of Excel Deal allotting and issuing 47, 46, 5 and 2 shares, all credited as fully paid up, to Mr. Wong, Mr. Ling, Ms. Chang and Ms. Ting respectively, so that the Company became wholly owned by Excel Deal; and

(k) conditional on the share premium account of the Company being credited as a result of the Placing, an amount of HK$2,099,999.98 which will then be standing to the credit of the share premium account of the Company be capitalized and applied to pay up in full at par a total of 209,999,998 shares for allotment and issue to holder(s) of Shares whose name(s) shall appear on the register of members of the Company at the close of business on 21 December 2011 (or as they may direct) in proportion (as nearly as possible without involving fractions) to its/their respective then existing shareholdings in the Company.

5. Changes in the share capital of subsidiaries of the Company

The subsidiaries of the Company are listed in the accountants' report set out in Appendix I to this prospectus. In addition to the alterations described in paragraph head "Reorganization" above, the following alterations in the share capital of each of the Company's subsidiaries took place during two years immediately preceding the date of this prospectus:

(a) The Company

On 29 June 2011, one Share was allotted and issued at par to Codan Trust Company (Cayman) Limited which was then transferred to EGIL on the same day.

(b) Eastside Fortune

Eastside Fortune was incorporated in the BVI on 15 June 2011 and its authorized capital is US$50,000 divided into 50,000 shares of US$1.00 each. 1 share of Eastside Fortune was allotted and issued and fully paid or credited as fully paid to EGIL on 15 August 2011.

(c) ELL

On 19 February 2009, Paging Service Inc transferred all the 499,999 shares of ELL to ETH, so that ELL was owned as to 99.99% by ETH and 0.01% by MSL. On 16 March 2010, the authorized share capital of ELL was increased to HK$5,000,000 and an addition of 2,500,000 new shares were issued and allotted to ETH, so that ELL was owned as to 99.99% by ETH and 0.01% by MSL which held on trust for ETH. Therefore, ETH was the legal and beneficial owner of ELL.

(d) IBS

On 26 April 2010, the authorized share capital of IBS was increased to HK$5,000,000 by creation of addition 4,999,000 shares, in which 2,999,998 shares were issued and allotted to ETS, so that IBS was owned as to 99.99% by ETS and 0.01% by MSL which held on trust for ETS. Therefore, IBS was wholly and beneficially owned by ETS.

(e) EML

On 12 January 2010, the authorized share capital of EML was increased to HK$5,000,000 by creation of addition 4,990,000 shares, in which 2,999,998 new shares were issued and allotted to ETS, so that EML was owned as to 99.99% by ETS and 0.01% by MSL which held on trust for ETS. Therefore, ETS is the beneficial owner of their entire equity interests in EML.

(f) EOSL

On 1 February 2010, Cheung Lei Tsing, Patricia transferred her one share of EOSL to EGIL, so that EOSL was wholly owned by EGIL.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

6. Repurchase of the Company's own securities

A general unconditional mandate was granted to the Directors pursuant to a resolution passed on 21 December 2011 authorising them to exercise all powers of the Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the Capitalization Issue and the Placing (excluding Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever is the earliest.

The following part includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. Under the Cayman Islands laws, any repurchase by the Company may be made out of profits or share premium of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or subject to the provisions of the Companies Law, out of capital.

(b) Reasons for repurchases

The Directors believe that it is in the best interest of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

(c) Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, the Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 280,000,000 Shares in issue immediately after Listing of the Shares on GEM, would result in up to 28,000,000 Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

(d) General

None of the Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their associates currently intends to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the

Directors are not presently aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate immediately after the Listing.

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

No repurchase of Shares has been made by the Company within six months prior to the date of this prospectus.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

(a) the Placing Agreement;

(b) the deed of indemnity dated 21 December 2011 and entered into by Mr. Wong, Mr. Ling, Ms. Chang, Ms. Ting and Excel Deal in favour of our Group; and

(c) the Deed of Non-competition dated 21 December 2011 and entered into by Mr. Wong, Mr. Ling, Ms. Chang, Ms. Ting and Excel Deal in favour of our Group. Details of the Deed of Non-competition are set out in the paragraph headed "Deed of Non-competition" under the section headed "Controlling Shareholders, Substantial Shareholders and Significant Shareholders" in this prospectus.

2. Intellectual property rights of our Group

Trademarks

As at the Latest Practicable Date, our Group was the registered proprietor and beneficial owner of the following trademarks:

Trademark	Class	Place of Registration	Applicant/ Owner	Trademark No.	Date of Registration	Expiry Date
易寶通訊 EPRO TELECOM	35, 38, 41, 42	Hong Kong	Epro Telecom Holdings Limited	301473741	12 November 2009	11 November 2019
wise	35, 38, 42	Hong Kong	Epro Telecom Holdings Limited	301473769	12 November 2009	11 November 2019

Domain Names

As at the Latest Practicable Date, members of our Group have registered the following domain names:

Domain Name	Registration date	Expiry Date
www.eprotel.com.hk	9 April 1997	1 October 2016
www.etsgroup.com.hk	19 December 2011	21 December 2014
www.etsgroup.hk	19 December 2011	19 December 2016
www.易通訊集團有限公司.com	19 December 2011	19 December 2016

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

1. Disclosure of interests

(a) Disclosure of interests of Directors and experts

(i) During the two years immediately preceding the date of this prospectus, our Group had engaged in dealings with certain Directors and their associates as described in note 30 to the accountants' report set out in Appendix I to this prospectus; and

(ii) Each of the Directors is interested in the Reorganization referred to under the paragraph headed "Reorganization" in the section headed "Further information about the Company and its subsidiaries" of this Appendix.

(b) Particulars of service contracts

Each of Mr. Wong, Mr. Ling, Ms. Chang and Mr. Suen, all being the executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from 21 December 2011, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of these executive Directors is entitled to the respective basic salary set out below, plus a discretionary bonus determined by the Board every year. The current basic annual salaries of the executive Directors are as follows:

	HK$
Mr. Wong	1,896,000
Mr. Ling	1,800,000
Ms. Chang	1,800,000
Mr. Suen	600,000

Save as the aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Each of the above remunerations is determined by the Company with reference to duties and level of responsibilities of each Director and the remuneration policy of the Company and the prevailing market conditions.

(c) Directors' remuneration

(i) During the two financial years ended 31 December 2010, the aggregate emoluments paid and benefits in kind granted by our Group to the Directors were approximately HK$4,995,000 and HK$6,640,000 respectively.

(ii) Under the arrangements currently in force, the aggregate emoluments payable by our Group to and benefits in kind receivable by the Directors for the year ending 31 December 2011 will be approximately HK$6,208,000.

(iii) None of the Directors or any past directors of any member of our Group has been paid any sum of money for each of the two years ended 31 December 2010 (1) as an inducement to join or upon joining the Company or (2) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two years ended 31 December 2010.

(v) Each of the executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his/her duties to our Group under the service contract.

(vi) Each of the independent non-executive Directors is entitled to annual director's fee of HK$80,000.

(d) Personal guarantees

Mr. Wong and Mr. Ling had provided personal guarantees in favour of certain banks for debts and liabilities due by certain members of our Group. The relevant banks have agreed in principle that such personal guarantees will be released and replaced by guarantees from the Company or other members of our Group upon Listing.

(e) Interests and short positions of Directors in the shares, underlying shares or debentures of the Company and its associated corporations

Immediately following completion of the Placing and the Capitalization Issue, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.47 of the GEM Listing Rules, once the Shares are listed, will be as follows:

(a) The Company

Name of Director	Nature of interest	No. of Shares held	Position	Percentage of issued share capital
Mr. Wong *(Note 1)*	Interest in Controlled Corporation	210,000,000	Long	75%
Mr. Ling *(Note 2)*	Interest in Controlled Corporation	210,000,000	Long	75%
Ms. Chang *(Note 3)*	interest in Controlled Corporation	210,000,000	Long	75%

Note:

1. Mr. Wong is the beneficial owner of 47% of the entire issued share capital of Excel Deal. Under the SFO, Mr. Wong is deemed to be interested in the Shares held by Excel Deal.

2. Mr. Ling is the beneficial owner of 46% of the entire issued share capital of Excel Deal. Under the SFO, Mr. Ling is deemed to be interested in the Shares held by Excel Deal.

3. Ms. Chang is the beneficial owner of 5% of the entire issued share capital of Excel Deal. Under the SFO, Ms. Chang is deemed to be interested in the Shares held by Excel Deal.

(b) Associated corporations

Name	Nature of associated corporation	Capacity/ nature of interests *(Note 1)*	Number of Shares held	Percentage of interest in associated corporation
Mr. Wong *(Note 2)*	Excel Deal	Beneficial owner	210,000,000	47%
Mr. Ling *(Note 2)*	Excel Deal	Beneficial owner	210,000,000	46%
Ms. Chang *(Note 2)*	Excel Deal	Beneficial owner	210,000,000	5%
Ms. Ting *(Note 2)*	Excel Deal	Beneficial owner	210,000,000	2%

Note:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the relevant associated corporation.

2. The Company is wholly owned by Excel Deal prior to completion of the Placing and will be owned as to 75% by Excel Deal upon the completion of the Placing and the Capitalization Issue. Therefore, Excel Deal is deemed to be an associated corporation pursuant to the SFO.

(f) Interests and short position of Substantial Shareholders in the Shares, underlying Shares or debentures of the Company

Immediately following completion of the Placing and the Capitalization Issue, the following (not being a Director or chief executive of the Company), will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Nature of interest	No. of Shares held	Position	Percentage of issued share capital
Excel Deal *(Note)*	Beneficial owner	210,000,000	Long	75

Note: The entire issued share capital of Excel Deal is legally and beneficially owned as to 47% by Mr. Wong, as to 46% by Mr. Ling, as to 5% by Ms. Chang and as to 2% by Ms. Ting.

(g) Agency fees or commissions received

No agency fees, commissions, discounts, brokerages or other special terms have been granted by our Group to the Directors or the experts named in the paragraph headed "Consents and qualifications of experts" in this Appendix within the two years immediately preceding the date of this prospectus in connection with the issue or sale of any share or loan capital of any member of our Group.

(h) Related party transactions

During the two years immediately preceding the date of this prospectus, our Group had engaged in related party transactions as described in note 30 to the accountants report set out in Appendix I to this prospectus.

(i) Disclaimers

Save as disclosed in this prospectus:

(i) and taking no account of any Shares which may be taken up or acquired under the Placing or upon the exercise of any options which may be granted under the Share Option Scheme, the Directors are not aware of any person who immediately following the completion of the Placing will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(ii) none of the Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by the Company pursuant to section 352 of the SFO or which will be required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;

(iii) none of the Directors or the experts named in the paragraph headed "Consents and qualifications of experts" in the section headed "Other information" in this Appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;

(iv) no Director is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and

(v) none of the experts named in the paragraph "Consents and qualifications of experts" in the section headed "Other information" in this Appendix has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group.

2. Share Option Scheme

(a) Summary of terms of the Share Option Scheme

(i) Purpose of the Share Option Scheme

The purpose of this Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which our Group holds any equity interest (the "**Invested Entity**").

(ii) Who may join

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of 10 years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons:

(1) any employee (whether full time or part time employee, including any executive director but not the non-executive directors) of the Company, its subsidiaries and any Invested Entity;

(2) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of our Group or any Invested Entity;

(4) any customer of our Group or any Invested Entity; and

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity.

(iii) Maximum number of Shares

(1) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

(2) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share options schemes of the Company shall not exceed 28,000,000 Shares, being 10% of the total number of Shares in issue as at the date of listing of the Shares unless the Company obtains the approval of the Shareholders in general meeting for refreshing the 10% limit (the "**Scheme Mandate Limit**") under this Share Option Scheme provided that options lapsed in accordance with the terms of this Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

(3) The Company may seek approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Mandate Limit provided that options previously granted under the Share Option Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of the Company or exercised) will not be counted for the purpose of calculating the limit as "refreshed".

For the purpose of seeking the approval of Shareholders, a circular containing the information as required under the GEM Listing Rules must be sent to the Shareholders.

(4) The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed grantee(s) of such option(s) must be specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of the Shareholders, the Company must send a circular to the Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and the information as required under the GEM Listing Rules.

(iv) Maximum entitlement of each eligible person

No option shall be granted to any eligible person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue, unless:

(1) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 23 of the GEM Listing Rules, by resolution of the Shareholders in general meeting, at which the eligible person and his associates shall abstain from voting;

(2) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules (including the identity of the eligible person, the number and terms of the options to be granted and options previously granted to such eligible person); and

(3) the number and terms (including the subscription price) of such option are fixed before the general meeting of the Company at which the same are approved.

(v) Grant of options to connected persons

(1) The grant of options to a Director, chief executive or Substantial Shareholder of the Company (the "**Connected Person**") or any of their respective associates requires the approval of all the independent non-executive Directors (excluding any independent non-executive Director who is a prospective grantee of the option) and shall comply with the relevant provisions of Chapter 23 of the GEM Listing Rules.

(2) Where an option is to be granted to a Substantial Shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (1) exceeding 0.1% of the total number of Shares in issue at the relevant time of grant; and (2) exceeding an aggregate value (based on the closing price of the Shares on the Stock Exchange on the date of each grant) of HK$5 million, such grant shall not be valid unless: (1) a circular containing the details of the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules (including, in particular, a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the prospective grantee of the option) to the independent Shareholders as to voting); and (2) the grant has been approved by the Shareholders in general meeting (taken on a poll), at which all Connected Persons of the Company shall abstain from voting in favour of the grant.

(3) Where any change is to be made to the terms of any option granted to a Substantial Shareholder or an independent non-executive Director (or any of their respective associates), such change shall not be valid unless the change has been approved by the Shareholders in general meeting.

(vi) Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an eligible person within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date upon which it is made, by which the eligible person must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten years after the date of adoption of the Share Option Scheme.

A consideration of HK$1.00 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his legal personal representatives) at anytime before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten years commencing on the date of the offer letter and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the scheme.

(vii) Performance targets

There is no performance target that has to be achieved before the exercise of any option.

(viii) Subscription price for Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board and notified to an eligible person, and shall be at least the highest of: (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an eligible employee; (2) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 trading days immediately preceding the date of the offer letter of the option; and (3) the nominal value of a Share on the Offer Date.

Where an option is to be granted, the date of the Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option. For the purpose of calculating the subscription price, where an option is to be granted less than 5 business days after the listing of the Shares on the Stock Exchange, the offer price shall be taken to be the closing price for any business day before listing.

(ix) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be subject to the Company's constitutional documents for the time being in force and shall rank pari passu in all respects with the fully-paid Shares in issue of the Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

(x) Restrictions on the time of grant of options

No option shall be granted after a price sensitive development concerning the Company or any subsidiary has occurred or a price sensitive matter concerning the Company or any subsidiary has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (1) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company's result for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and (2) the deadline for the Company to publish an announcement of its results for any year or half-year or quarterly or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no option shall be granted.

(xi) Period of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted.

(xii) Rights on cessation of employment

Where the grantee of an outstanding option ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xxi)(5), the grantee may exercise the option up to his entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised) within the period of 1 month following the date of such cessation. The date of such cessation shall be his last actual working day at his work place with the Company or any subsidiary whether salary is paid in lieu of notice or not.

(xiii) Rights on death

Where the grantee of an outstanding option dies before exercising the option in full or at all, the option may be exercised in full or in part (to the extent not already exercised) by his personal representative(s) within 12 months of the date of death.

(xiv) Rights on a general offer

In the event of a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer).

(xv) Rights on winding-up

In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all grantees (together with a notice of existence of this provision) and thereupon, each grantee (or his legal representative(s)) shall be entitled to exercise all or any of his options (to the extent which has become exercisable and not already exercised) at any time not later than 2 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation.

(xvi) Rights on compromise or arrangement between the Company and its creditors

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its Shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to its Shareholders or creditors to consider such a scheme or arrangement, and thereupon any grantee (or his legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling 2 calendar months thereafter or the date on which such compromise or arrangement is sanctioned by Court be entitled to exercise his option (to the extent which has become exercisable and not already exercised), but the exercise of the option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his option so as to place the grantee in the same position as nearly as possible as would have been the case had such Shares been subject to such compromise or arrangement.

(xvii) Reorganization of capital structure

In the event of any alteration in the capital structure of the Company whilst any option has been granted and remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction), the Company shall (if applicable) make corresponding alterations (if any), in accordance with the GEM Listing Rules and any applicable guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time to:

(1) the number and/or nominal amount of Shares subject to the options already granted so far as they remain exercisable; and/or

(2) the subscription price; and/or

(3) the maximum number of Shares referred to in paragraphs (iii) and (iv) above provided that:

(aa) no such alteration shall be made in respect of an issue of Shares or other securities by the Company as consideration in a transaction;

(bb) any such alterations must be made so that each grantee is given the same proportion of the equity capital of the Company as that to which he was previously entitled;

(cc) no such alterations shall be made which would result in the subscription price for a Share being less than its nominal value; and

(dd) any such alterations, save those made on a capitalization issue, shall be confirmed by an independent financial adviser or the auditors in writing to the Directors as satisfying the requirements of provisos paragraphs (bb) and (cc) above.

(xviii) Cancellation of options

The Company may cancel an option granted but not exercised with the approval of the Board. Any options cancelled by approval of the Board cannot be re-granted to the same eligible person.

(xix) Termination of the Share Option Scheme

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provision of the Share Option Scheme shall remain in full force and effect. Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xx) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option.

(xxi) Lapse of option

The right to exercise an option (to the extent not already exercised) shall terminate immediately upon the earliest of:

(1) the expiry of the period to be determined and notified by the Board to the grantee;

(2) the expiry of the periods referred to in sub-paragraphs (xii), (xiii), (xiv) respectively;

(3) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (xvi);

(4) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in sub-paragraph (xiv);

(5) the date on which the grantee ceases to be an eligible person by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an eligible person, on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty;

(6) subject to sub-paragraph (xv), the date of the commencement of the winding-up of the Company; and

(7) the date on which the grantee sells, transfers, charges, mortgages, encumbers or creates any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or purport to do any of the foregoing in breach of the Share Option Scheme.

(xxii) Alterations to the Share Option Scheme

(1) The Share Option Scheme may be amended or altered in any respect to the extent allowed by the GEM Listing Rules by resolution of the Board except that the following alteration must be approved by a resolution of the Shareholders in general meeting:

(aa) any change to the definitions of eligible person, grantee and option period;

(bb) any change to the terms and conditions of the Share Option Scheme to the advantage of the grantees of the options;

(cc) any alteration to the terms and conditions of the Share Option Scheme which is of a material nature;

(dd) any change to the terms of options granted; and

(ee) any change to the authority of the Board in relation to any alteration to the terms of the Scheme except where such alterations take effect automatically under the existing terms of the Share Option Scheme, provided that: (aa) the amended terms of the Share Option Scheme or the options must comply with Chapter 23 of the GEM Listing Rules; and (bb) no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to the option granted under the Scheme.

(2) Notwithstanding the other provisions of the Scheme, the Scheme may be altered in any respect by resolution of the Board without the approval of the Shareholders or the grantee(s) to the extent such amendment or alteration is required by the GEM Listing Rules or any guidelines issued by the Stock Exchange from time to time.

(3) The Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

(xxiii) Conditions

(1) The Share Option Scheme is conditional on:

(aa) the GEM listing committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares in issue and any Shares which may fall to be issued pursuant to the exercise of any option granted under the Share Option Scheme;

(bb) the passing of the necessary resolution to approve and adopt the Share Option Scheme by the Shareholders in general meeting or by way of written resolution to authorize the Directors to grant options at their absolute discretion thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options granted under the Share Option Scheme; and

(cc) the commencement of dealings in the Shares on the GEM.

(b) Present status of the Share Option Scheme

(i) Approval and adoption of the rules of the Share Option Scheme

The rules of the Share Option Scheme, the principal terms of which are set out above, were approved and adopted by the Shareholder on 21 December 2011.

(ii) Application for approval

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme. Assuming that the Offer Size Adjustment Option will not be exercised, the total number of Shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company shall not exceed 28,000,000 Shares, being 10% of the total number of Shares in issue as at the date of listing of the Shares unless the Company obtains the approval of the Shareholders in general meeting for refreshing the said 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of this scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit above mentioned.

(iii) Grant of option

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) Value of options

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no option has been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

D. OTHER INFORMATION

1. Tax and other indemnities

Mr. Wong, Mr. Ling, Ms. Chang, Ms. Ting and Excel Deal (collectively, the "**Indemnifiers**") have entered into a deed of indemnity with and in favour of the Company (for itself and as trustee for each of its present subsidiaries) (being the material contract referred to in paragraph "Summary of material contracts" of this appendix) and all its present subsidiaries to provide indemnities in respect of, among other matters, any taxation which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the Placing becomes unconditional (the "**Relevant Date**").

The deed of indemnity does not cover any claim (and the Indemnifiers shall be under no liability under the deed of indemnity to the extent), among other things:

(a) that provision has been made for such taxation in the audited accounts of the Company or any of its subsidiaries up to 30 June 2011; or

(b) that such taxation falling on any member of our Group in respect of their current accounting periods or any accounting period commencing on or after the Relevant Date unless liability for such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) with the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:

(1) carried out or effected in the ordinary course of business after the Relevant Date or in the ordinary course of acquiring and disposing of capital assets after the Relevant Date; or

(2) carried out, made or entered into pursuant to a legally binding commitment created on or before the Relevant Date or pursuant to any statement of intention made in this prospectus; or

(3) consisting of any of members of our Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of such taxation;

(c) any provision or reserve made for such taxation in the audited accounts of any member of our Group up to 30 June 2011 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to the deed of indemnity to reduce the Indemnifiers' liability in respect of such taxation shall not be available in respect of any such liability arising thereafter; or

(d) that such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or practice coming into force after the Relevant Date or that such claim arises or is increased by an increase in rates of taxation after the Relevant Date with retrospective effect.

The Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands and other jurisdiction in which the companies comprising our Group are incorporated.

2. Litigation

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

3. Application for listing of Shares

The Sole Sponsor has made an application on behalf of the Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme on the GEM.

4. Preliminary expenses

The estimated preliminary expenses of the incorporation of the Company are approximately HK$210,000 and are payable by the Company.

5. Promoter

There are no promoters of our Company.

6. Consents and qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Mizuho Securities Asia Limited	a licensed corporation under the SFO permitted to engage in type 1 (dealings in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
HLB Hodgson Impey Cheng	Chartered Accountants, Certified Public Accountants
DTZ Debenham Tie Leung Limited	professional valuers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Michael Li & Co	Legal advisers as to Hong Kong laws

The Sole Sponsor has confirmed that it satisfies the independence test under Rule 6A.07 of the GEM Listing Rules.

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or legal opinion (as the case may be) and the references to its name included in the form and context in which they are respectively included.

None of the experts named above is interested beneficially or non-beneficially in any shares in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

8. Share registrar

The Company's register of members will be maintained in Hong Kong by its share registrar and transfer office, Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with and registered by the share registrar in Hong Kong.

9. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on the Company's Hong Kong register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of the Company, the Directors or the other parties involved in the Placing can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

10. Miscellaneous

Save as disclosed herein:

(a) within two years immediately preceding the date of this prospectus:

(i) no share or loan capital of the Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;

(b) no share, warrant or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) the Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2011 (being the date to which the latest audited combined financial statements of our Group were made up); and

(e) all necessary arrangements have been made enabling the Shares to be admitted into CCASS.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, Chapter 32L of the Laws of Hong Kong.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the written consents of the experts referred to in the paragraph headed "Consents and qualifications of experts" in the section headed "Other information" of Appendix V to this prospectus, and copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about the business" of Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Michael Li & Co. at 14th Floor, Printing house, 6 Duddell Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the accountants' report prepared by HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, the text of which is set out in Appendix I to this prospectus;

(c) the report on unaudited pro forma financial information of our Group prepared by HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, the text of which is set out in Appendix II to this prospectus;

(d) the letter, summary of valuations and valuation certificates relating to the property interests of our Group prepared by DTZ Debenham Tie Leung Limited, the texts of which are set out in Appendix III to this prospectus;

(e) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;

(f) the Companies Law;

(g) the rules of Share Option Scheme;

(h) the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about the Business" of Appendix V to this prospectus;

(i) the written consents referred to in the paragraph headed "Consents and qualifications of experts" in the section headed "Other information" of Appendix V to this prospectus;

(j) the service contracts and letters of appointment referred to in the paragraph headed "Particulars of Service contracts" in the section headed "Further information about Directors, management, staff and experts " of Appendix V to this prospectus; and

(k) the legal opinions prepared by Michael Li & Co in relation to (i) relevant permits/licences obtained by the Group for its operations; (ii) any application for striking off or any notification of dissolution, petition and winding-up petition and/or order of Hong Kong Subsidiaries of the Company; (iii) the Group's compliance with its confidentiality obligations; (iv) the Group's compliance with the Minimum Wage Ordinance (Cap. 608); (v) the Group's compliance with the Unsolicited Electronic Messages Ordinance (Cap. 593); (vi) the Group's use of its trade name; and (vii) the trust deeds entered into by or involving the Group.

This page is intentionally left blank

ETS
GROUP