In evaluating an investment in the Offer Shares, potential investors should consider carefully all the information contained in this prospectus including the risk factors set out below.

RISKS RELATING TO THE GROUP

Reliance on key management

The Group's success is, to a significant extent, attributable to the skills and experience of Mr. Garry Siu, Mr. Shamson Zeall and Mr. Edmund Siu. The Group's compliance monitoring services are performed and headed by Mr. Edmund Siu and the Group also relies on Mr. Shamson Zeall to deal with the legal compliance issues and changes in laws and regulations. Mr. Garry Siu, Mr. Edmund Siu and Mr. Shamson Zeall are the key persons responsible for the Group's services and the establishment of business relationships with its clients. There may be an adverse impact on the Group's turnover should either one or more of Mr. Garry Siu, Mr. Edmund Siu and Mr. Shamson Zeall cease to be involved in the Group's management in the future.

Reliance on a limited number of garment and fashion manufacturing clients

During the Track Record Period, the turnover and net profit of the Group derived from the marketing and compliance monitoring services represented approximately 75% and 88% (for the financial year ended 31st March, 2000), 77% and 85% (for the financial year ended 31st March, 2001) and 85% and 86% (for the financial year ended 31st March, 2002) respectively of the turnover and net profit of the Group. As at the Latest Practicable Date, the turnover and net profit of the marketing and compliance monitoring services of the Group are all derived from the orders placed by the US Buyers to the Group's 24 garment and fashion manufacturing clients.

Pursuant to the engagement letter entered into between the Group and each of its garment and fashion manufacturing clients in relation to the Group's marketing and compliance monitoring services, either party can terminate the engagement by giving three months' notice to the other and since there are no restrictive terms in such engagement letters, the Group will not be able to prevent its clients from contacting the US Buyers directly without using the Group's marketing and compliance monitoring services or engaging other companies to provide similar services.

If the Group's business relationship with the 24 garment and fashion manufacturing clients deteriorates or if any of the 24 garment and fashion manufacturing clients are able to convince the US Buyers that their products will satisfy the US Buyers' CSR requirements without using the Group's marketing and compliance monitoring services or if they succeed in persuading the US Buyers to use another organisation or company to perform the marketing and compliance monitoring services similar to that of the Group, the Group's business will be materially affected.

Reliance on the US Buyers

As at the Latest Practicable Date, only the US Buyers (who were six in number) concurred with the Group's compliance monitoring programme and were willing to place orders to the Group's 24 garment and fashion manufacturing clients who passed the compliance monitoring programme. The Group relies on the orders placed by the US Buyers to these manufacturing clients to receive its marketing and compliance monitoring fee income which is based on a certain percentage of the gross value of the orders. The US Buyers or the manufacturing clients may appoint another organisation or company to perform the Group's services or the US Buyers may employ their own personnel to perform such services. In the event that any of those US Buyers cease to concur with the Group's compliance monitoring program and stop placing orders to the Group's manufacturing clients, the Group's business could be materially affected.

Risk in relation to closure of ports along the west coast of the US

A recent labour dispute caused a temporary closure of ports along the west coast of the US between 29th September, 2002 and 8th October, 2002. The ports reopened on 9th October, 2002 due to the US government's intervention. The Directors believe that such temporary closure has no material adverse impact on the Group's business. However, if there are any closures of longer duration, the business of the Group would be materially affected as closure of ports would affect trades with the US and the Group relies on the orders placed by the US Buyers to its manufacturing clients to receive its income.

Risks of manufacturing clients failing to comply with compliance monitoring programme

Although there are no written arrangements between the Group and the US Buyers in respect of the Group's marketing and compliance monitoring services, there are contractual arrangements between the Group and its manufacturing clients so that the Group can communicate with the US Buyers regarding the suitability of such clients as vendors. The US Buyers may suspend the placement of future orders as a result of any material unfavourable findings noted during the Group's performance of its marketing and compliance monitoring services with such clients. In such event, the number of the Group's manufacturing clients will be reduced.

To the best knowledge of the Directors, no garment and fashion manufacturers using the Group's services have been the subject of any lawsuits with the US Buyers during the Track Record Period. Nevertheless, the Directors cannot discount the risk there may be situations where the Group may not be able to detect failure by the manufacturing clients to comply with the compliance monitoring programme. If any of the US Buyers suffer loss as a result of the failure of the Group to detect the non-compliance of the Group's manufacturing clients with the compliance service programs, this may result in the US Buyers ceasing to order from the Group's manufacturing clients and hence the Group's turnover could be materially affected.

The Code and the compliance monitoring programme of the Group are not recognised by any regulatory authority

The Group's Code and compliance monitoring programme are formulated and adopted by the Group based on industry practice and are not recognised by any regulatory authority. If the Code and the compliance monitoring programme fail to meet the CSR requirements of the US Buyers and cause losses to the US Buyers or the manufacturing clients, the Group's reputation will be damaged. The Group may lose its manufacturing clients and the US Buyers may cease to place orders with the Group's manufacturing clients or use another organisation or company to perform the compliance monitoring services similar to that of the Group, as a result of which, would materially affect the turnover and profitability of the Group.

Potential claim by US Buyers or other persons

Although the Group has obtained indemnities from the manufacturing clients against any losses which the Group may incur or suffer in connection with the Group's performance of the compliance monitoring services, the Group may be subject to potential claims by the US Buyers or other affected persons if there is any defective performance of the compliance monitoring services. In such circumstances, not only the Group is subject to liability to pay damages, the affected US Buyers may also cease to place orders with the Group's manufacturing clients. This would affect the turnover and profitability of the Group.

Change of client base

As at the Latest Practicable Date, the Group had 24 manufacturing clients. The Group has not built up a diversified client base. There is no assurance that the Group will be able to expand and diversify its client base to include garment and fashion manufacturers in the northern part of the PRC and other developing countries in Asia and manufacturers of other industries as mentioned in the section headed "Future plans and use of proceeds" of this prospectus. The success of the Group in capturing new clients will depend on a number of factors, such as the continuous economic growth in the US and the PRC, the stability of the PRC political environment and the development of its competitors, which are all beyond the control of the Group. Consequently, there is no assurance that the Group will succeed in expanding and diversifying its client base.

Reliance on manufacturing clients to comply with the textile export control systems

In its provision of sales support services, the Group will utilise its allocated quotas from the Trade and Industry Department of Hong Kong in exporting the garment products manufactured by the Group's Hong Kong garment and fashion manufacturing clients to the US market. In the event that any of the Group's manufacturing clients fails to comply with the "country of origin" regulations of the Trade and Industry Department of Hong Kong in the future due to their frauds or other reasons, the Group's profitability and goodwill may be adversely affected by such cases of non-compliance with the quota utilisation conditions.

Dividend policy

For each of the three years ended 31st March, 2002, the Group paid dividends in the amounts of approximately $14 million, $18 million and $18 million respectively, representing approximately 74%, 88% and 84% of the profit attributable to shareholders for the respective periods. On 31st July, 2002, the Group declared and paid special dividend of $6 million to its shareholders. The payments of these dividends were financed by cash.

Potential investors should note that the above dividend payments should not be used as a reference for the Company's dividend policy. Further details on the dividend policy of the Company are set out in the paragraph headed "Profit forecast, dividends and working capital" in the section headed "Financial information" of this prospectus.

Credit risk

For each of the three years ended 31st March, 2002, the Group's turnover was made on an open account basis with credit terms of 0 to 30 days and the debtors turnover days of the Group were 8 days, 20 days and 22 days respectively. The Directors attribute the slowdown in the collection of the Group's account receivable balances from the year ended 31st March, 2001 to the Group's revised credit policy by revising its credit period of an average 10 days granted to its customers to credit periods of 30 days. There is no assurance that the Group's financial position and profitability will not be adversely affected by any deterioration in the credit-worthiness of its clients.

Effective tax rate

For each of the three years ended 31st March, 2002, the Group's effective tax rates were approximately 1.3%, 1.2% and 0.4% respectively. Potential investors should note that the above low effective tax rates should not be used as a reference for the Company's future effective tax rates because if the Group can successfully implement its future plans by setting up regional offices in the PRC for the promotion and operation of the marketing and compliance monitoring services to the garment and fashion manufacturers in the northern region of the PRC, the Group's effective tax rates will increase as the Group will then be subject to PRC income taxes. In addition, if the Group can successfully implement its future plans by establishing regional offices in New York and Los Angeles in the US, the Group's effective tax rates will further increase as the Group will then be subject to US income taxes.

Reliance on self-reporting mechanism in collecting marketing and compliance monitoring services fees

The Group relies heavily on the Hong Kong garment and fashion manufacturing clients to report their volume of shipments to the US Buyers for collection of the marketing and compliance monitoring services fees. Although the Group will normally obtain order placement lists from the manufacturing clients and periodically enquire with the US Buyers regarding the shipments made monthly to identify if there are any material discrepancies against the reported volume of shipments exist, there is no assurance that the Group's financial position and profitability will not be adversely affected by any incompleteness of the shipments reported.

Potential conflict of interests in performing marketing and compliance monitoring services

There is a potential conflict of interests as the Group is engaged by the manufacturing clients for the marketing and compliance monitoring services while at the same time receiving income from these manufacturing clients. The current arrangement is that if the Group considers a manufacturing client has violated the Code, it would require the relevant factory of that manufacturing client to implement remedial action. If the corrective action has been advised but not implemented by the manufacturing client, the Group will inform the US Buyers of this non-compliance and the current order could be terminated by the US Buyers.

The Directors believe that although the Group receives the marketing and compliance monitoring services fees from the manufacturing clients, there is no incentive for the Group to withhold itself from strictly enforcing the compliance requirements. The Directors believe that the reputation of the Group in performing its marketing and compliance monitoring services is of paramount importance. The Group also has to rely on the US Buyers to place orders to the manufacturing clients in the PRC to generate income for its marketing and compliance monitoring services and strict implementation of the compliance requirements will ensure that the relationship with the US Buyers does not deteriorate. Although the Directors believe that the strict implementation of the compliance requirements is to the best long-term interest of the Group, this may result in the Group losing certain manufacturing clients and lead to reduction of its turnover and net profit.

Limited management resources

The Group currently has 10 employees who are engaged in the operations of the Group, including compliance and business development, accounting and administration and sales support. Whilst the Directors are of the view that the current staffing level is sufficient for the Group's operation, the departure of certain experienced staff member may cause disruption to certain parts of the Group's operations in the event that suitable replacement could not be found within a reasonable period of time.

In addition, the executive Directors and the compliance monitoring team of the Group comprising 4 staff conducting the compliance monitoring programme with respect to all the PRC factories of the Group's manufacturing clients which are located in Guangdong province. Whilst the Directors are of the view that the current arrangement is sufficient for the size of its existing client base, in the event that the deterioration of the compliance level of the Group's manufacturing clients which would require the Group to increase the frequency of PRC factory visits, the Group's operations may be adversely affected in the event that additional suitable qualified staff could not be found within a reasonable period of time.

Furthermore, a major portion of the marketing work of the Group with respect to maintenance of the existing business relationships with the US Buyers is heavily relied on the four business development consultants who are not full time employees of the Group. The departure of any of these business development consultants may cause disruption to the Group's operations in the event that suitable replacement could not be found within a reasonable period of time.

Potential loss from the investment in listed equity securities

The Group has invested in certain shares in Info Communication Holdings Limited ("Info Com"), a company listed on GEM, with the intention of seeking for long-term growth and returns. For the year ended 31st March, 2002, the Group had acquired 15,900,000 shares of Info Com. Since the share price of Info Com has fallen substantially, potential losses could result if the Group disposes of the shareholding in Info Com at a price lower than the acquisition price of the shares. In such event, the profits of the Group may be materially affected.

RISKS RELATING TO THE INDUSTRY

Competition

While international certification bodies and multi-national accounting firms provide compliance monitoring services, the Directors believe they generally act on behalf of the buyers to determine whether their existing or potential vendors comply with the vendor's own codes of conduct. On the other hand, the Group provides its marketing and compliance monitoring services with the fee charged to the vendors. The Directors therefore believe that the Group at present does not face intense competition in Hong Kong and the PRC on the aspect of the provision of marketing and compliance monitoring services to garment and fashion manufacturers. Besides, the Directors are not aware of any other compliance monitoring service providers who render comprehensive services in providing both marketing and compliance monitoring services and sales support services to garment and fashion manufacturers with production facilities in Hong Kong and/or the PRC.

So far as the Directors are aware, there are a number of companies involved in the provision of marketing and sales support services to textile manufacturers in Hong Kong. The Directors consider that the Group faces competition against the Group on fee and value-added services. If the competition intensifies and/or the Group's business is unable to cover the scope of services provided by its competitors, the business and profitability of the Group may be adversely affected.

Phasing out of quota allocation system

The quota allocation system will be phased out by 2005. The quota allocation is an important part of the Group's sales support services. Most of the manufacturing clients who use the Group's sales support services also utilise the Group's quota allocation. Although the net profits generated by the Group's sales support services do not account for the substantial part of the Group's net profits as a whole (for example, for the year ended 31st March, 2002, the net profits generated from the provision of the Group's marketing and compliance monitoring services amounted to approximately $20.2 million, whereas the net profits for sales support services amounted to approximately $1.2 million), the Group will be deprived of the revenue in respect of which quota allocation is the necessary ingredient of the Group's sales support services, and the Group's profitability will be affected.

The breakdown of the turnover and net profit from the sales support services provided to the Group's manufacturing clients for the Track Record Period is set out as follows:

	$'000
For the year ended 31st March, 2000	
Turnover	5,795
Net profit	3,024
For the year ended 31st March, 2001	
Turnover	6,010
Net profit	3,203
For the year ended 31st March, 2002	
Turnover	4,282
Net profit	1,192

RISKS RELATING TO THE PRC

Political and economic considerations

Currently, almost all of the production facilities of the manufacturing clients of the Group are located in the PRC. Potential investors should note that changes in the economic and political environment in the PRC and policies adopted by the PRC government to regulate its economy may adversely affect the Group clients' operations in the PRC and thus affect their performance and profitability. This in turn would affect the performance and profitability of the Group.

OTHER RISKS

Statistics

Statistics in this prospectus are derived from available publications. Whilst the Directors have taken reasonable care to ensure that the statistics presented are accurately reflected or reproduced from such sources, they have not been independently verified by the Group, and therefore, the Group makes no representation as to the accuracy of such statistics, and such statistics should not be unduly relied on.