



iOne Holdings Limited

卓智控股有限公司\*

(incorporated in Bermuda with limited liability)

Stock code: 982

# PLACING and PUBLIC OFFER

SPONSORS

 Baron Capital Limited

 新鴻基金融集團  
SUN HUNG KAI FINANCIAL

LEAD MANAGER AND BOOKRUNNER

 Baron Capital Limited

\* for identification purpose only

## IMPORTANT

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

# iOne Holdings Limited

卓智控股有限公司\*

(incorporated in Bermuda with limited liability)

## LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

### BY WAY OF PLACING AND PUBLIC OFFER

Number of Offer Shares	:	60,000,000 Shares
Number of Placing Shares	:	23,748,000 New Shares and 30,000,000 Sale Shares (subject to reallocation)
Number of Public Offer Shares	:	6,252,000 New Shares (subject to reallocation)
Offer Price	:	HK\$1.60 per Offer Share (plus brokerage of 1%, a SFC transaction levy of 0.004% and a Stock Exchange trading fee of 0.005%, payable in full upon application in Hong Kong dollars)
Nominal value	:	HK\$0.01 each
Stock code	:	982

#### Sponsors



#### Lead Manager and Bookrunner



The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company 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 and available for inspection" 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. A copy of this prospectus, together with copies of the Application Forms, has been delivered to the Registrar of Companies in Bermuda for filing as required by the Companies Act. The Securities and Futures Commission, the Registrar of Companies in Hong Kong and the Registrar of Companies in Bermuda take no responsibility as to the contents of this prospectus or any other documents referred to above.

Prospective investors of the Offer Shares should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreement by notice in writing to the Company given by the Sponsors, in the capacity as the sponsors to and lead manager of the Share Offer and acting on behalf of the Sponsors and the Underwriters, upon the occurrence of any of the events set forth under the paragraph headed "Grounds for termination" in the section headed "Underwriting" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, but without limitation to, any acts of government, strikes, lock-outs, fire, explosion, flood, civil commotion, war, act of God, terrorism, riot and epidemic.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including, without limitation, the risk factors set out in the section headed "Risk factors" in this prospectus.

## EXPECTED TIMETABLE

(Note 1)

Application lists open (Note 2) ..... 11:45 a.m. on 4 July 2008

Latest time for lodging **WHITE** and **YELLOW**

Application Forms ..... 12:00 noon on 4 July 2008

Application lists close (Note 2) ..... 12:00 noon on 4 July 2008

Announcement of the indication of the level of interest

in the Placing, the results of applications of

the Public Offer and the basis of allocation of

the Public Offer Shares to be published in *The Standard* and

*South China Morning Post* (in English) and *Hong Kong Economics Times*

(in Chinese), on or before ..... 11 July 2008

Despatch/collection of refund cheques in respect of

wholly or partially unsuccessful applications under

the Public Offer on or before (Note 4) ..... 11 July 2008

Despatch/collection of the share certificates or deposit of

the share certificates into CCASS on or before (Note 4) ..... 11 July 2008

Dealings in the Shares on the Main Board commence on ..... 14 July 2008

Notes:

- (1) All times and dates refer to Hong Kong local time and dates.
- (2) If there is a “**black**” rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. to 12:00 noon on 4 July 2008, the application lists will not open and close on that day. Particulars of the arrangements are set forth under the paragraph headed “Effect of bad weather on the opening of the application lists” in the section headed “How to apply for the Public Offer Shares” in this prospectus.
- (3) Part of the Hong Kong identity card number/passport number of an applicant or, if there are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by the applicant may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. The banker of the applicant may require verification of his/her Hong Kong identity card number/passport number before encashment of the refund cheque. Inaccurate completion of Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate the refund cheque.

## EXPECTED TIMETABLE

- (4) If an applicant is using a **WHITE** Application Form to apply for 1,000,000 Public Offer Shares or more and has indicated on the **WHITE** Application Form to collect the share certificate and/or refund cheque (if any) in person, such share certificate and/or refund cheque may be collected in person from the Company's 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, between 9:00 a.m. and 1:00 p.m. on 11 July 2008 or on the date notified by the Company as the date of despatch of the share certificates and refund cheques.

Individual applicants who opt for collection in person must not authorise any other person to make the collection on their behalf. Corporate applicants who opt for collection in person must attend by their authorised representatives bearing letters of authorisation from the corporations stamped with the corporations' chops. Both individuals and authorised representatives, as the case may be, must produce at the time of collection evidence of identity acceptable to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited. Uncollected share certificate and/or refund cheque (if any) will be sent to the address as appeared on the relevant Application Form by ordinary post at the applicant's own risk. For further information, please refer to the paragraph headed "Despatch/collection of share certificates and refund of application money" in the section headed "How to apply for the Public Offer Shares" in this prospectus.

If an applicant has applied for less than 1,000,000 Public Offer Shares or has applied for 1,000,000 Public Offer Shares or more and has not indicated on the relevant Application Form that the share certificate and/or refund cheque (if any) will be collected in person, then the share certificate and/or refund cheque (if any) will be sent to the address as appeared on the relevant Application Form on the date of despatch by ordinary post at the applicant's own risk.

If an applicant is using a **YELLOW** Application Form, the relevant arrangements are set forth under the paragraph headed "Despatch/collection of share certificates and refund of application money" in the section headed "How to apply for the Public Offer Shares" in this prospectus.

**Prospective investors of the Offer Shares should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreement by notice in writing to the Company given by the Sponsors, in their capacity as the sponsors to and lead manager of the Share Offer and acting on behalf of the Sponsors and the Underwriters, upon the occurrence of any of the events set forth under the paragraph headed "Grounds for termination" in the section headed "Underwriting" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, but without limitation to, any acts of government, strikes, lock-outs, fire, explosion, flood, civil commotion, war, act of God, terrorism, riot and epidemic.**

Share certificates will only become valid certificates of title upon the Share Offer becoming unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms on or before 8:00 a.m. on the Listing Date.

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*You should rely only on the information contained in this prospectus and the related Application Forms to make your investment decision.*

*Neither the Company nor any of the Selling Shareholders has authorised any person to provide you with information that is different from what is contained in this prospectus and the related Application Forms.*

*Any information or representation not contained or made in this prospectus and the related Application Forms must not be relied upon by you as having been authorised by the Group, the Selling Shareholders, the Sponsors, the Underwriters, the Lead Manager, the Bookrunner, any of their respective directors, officers, employees, agents, representatives or affiliates, or any other person or party involved in the Share Offer.*

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## SUMMARY

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

*There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before making any decision to invest in the Offer Shares.*

*Various expressions used in this summary are defined in the section headed "Definitions" in this prospectus.*

## OVERVIEW

The Group is principally engaged in the provision of financial printing services for the financial sector in Hong Kong which include mainly the printing of IPO prospectuses, financial reports, company announcements, circulars, legal compliance documents, research reports, corporate brochures and newsletters. Majority of the customers are companies listed on the Stock Exchange and corporate communication and investor relations companies. The Group provides a range of integrated services to its customers ranging from typesetting, translation, design, printing to delivery, within which, print run production and part of the translation process are subcontracted to a panel of subcontractors for higher efficiency and capital saving purpose. This business model is activity-oriented which aims to develop and enhance the Group's existing core businesses with minimal deviation and diversification from the key aspects of the model. The Group has no intention to change the Group's business model after the Listing. As confirmed by the Directors, the Group did not and does not have any intention to acquire Sing Kee (one of the subcontractors which provides printing services to the Group) before and after the Listing. The Group believes that its resources should be allocated mainly to the direct services such as typesetting and translation provided to its customers. For the financial year ended 31 December 2007, the Group handled and completed printing services for 18 IPO prospectus and ancillary forms, and over 500 financial reports amongst many other documents.

By leveraging on the business relationships and the reputation for the financial printing services, the Group achieved significant growth in the business during the Track Record Period. For each of the three financial years ended 31 December 2007, the Group's turnover was approximately HK\$116.9 million, HK\$199.1 million and HK\$370.1 million, respectively, and the Group's profit was approximately HK\$24.4 million, HK\$48.1 million and HK\$89.4 million, respectively.

## COMPETITIVE ADVANTAGES

The Group's success is principally attributable to the following strengths of the Group:

### **Well proven track record**

The Group has a well-established history in the provision of quality and efficient financial printing services in Hong Kong. The Directors believe that such a long-established track record is able to assist the Group to build up its reputation, which provides the Group a competitive advantage in the financial printing industry in Hong Kong.

## SUMMARY

### **Experienced management and sales team**

Ms. Chiu Hok Yu, an executive Director and one of the founders of the Group, has over 10 years of experience in the provision of financial printing services and has played a key management and leadership role in the development of the Group. The other co-founders of the Group, including Ms. Chan Che Ching, Ms. Lai Bo Kei and Mr. Lam Wing Hong, Jimmy, have an average of approximately 13 years of experience in the financial printing industry. In addition, some of the members of the sales team have an average of over 10 years of experience in the provision of financial printing services in Hong Kong as such, their pool of valuable knowledge and skills have given the clients satisfactory services as well as assisted in capturing new businesses. With the intention to continue to expand the business and market share, the Group invited Ms. Chan Yi Mei, Amy to join as the sales director of iOne (Regional) FPL in November 2005. In 2007, Ms. Chan Yi Mei, Amy was appointed as the General Manager of iOne (Regional) FPL. To further augment the established strengths of the management team, the Group invited Ms. Ng Wing Mee, Denise, who has over 13 years of relevant experience in the provision of financial printing services, to join the Group in March 2007 as a director of iOne FPL. She was appointed as an executive Director and the Chairman of the Company. Apart from the above-mentioned founders of the Group who have been in charge of the business development of the Group since its establishment, the Group also employs a dedicated professional management team with members who have strong experience in the financial printing industry.

With the depth of the experience of the management team and its expertise, the Directors are confident that the Group's management will be able to sustain the existing competitiveness in the provision of financial printing services in Hong Kong.

### **Cost competitiveness and reliability**

The Group exercises a tight control on quality, confidentiality and efficiency. The Group subcontracts the print run production to a panel of outside printers, thus avoiding intense capital requirement in owning printing equipments itself. The Directors believe this method is well perceived by the customers and the Group is a reliable service provider which is frequently invited to tender for jobs. The Group uses its best endeavour to maintain and enforce a code of conduct of confidentiality that is observed by all the employees. The Directors believe that these coupled with the Group's record of prompt and reliable services which put the Group in a very competitive position in securing businesses.

### **Design capabilities**

The Group has a dedicated team of designers to assist its customers for designing financial reports. The design team has won a number of awards including International ARC Awards, Astrid Awards, Galaxy Awards and Mercury Awards, details of which are set out under the paragraph headed "Awards" in the section headed "Business" in this prospectus.



# SUMMARY

## SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table summarises the Group's combined turnover and results for the three financial years ended 31 December 2007, prepared on the assumption that the current group structure had been in existence since 1 January 2005, or since their respective dates of incorporation. The summary should be read in conjunction with the accountants' report set out in Appendix I to this prospectus.

	Year ended 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Turnover	116,947	199,087	370,064
Cost of services provided	(74,691)	(113,496)	(179,338)
Gross profit	42,256	85,591	190,726
Other income and gains	960	1,432	3,164
Selling and distribution expenses	(4,601)	(17,222)	(27,594)
Administrative expenses	(8,746)	(12,549)	(56,679)
Profit before income tax expense	29,869	57,252	109,617
Income tax expense	(5,430)	(9,154)	(20,171)
Profit for the year	<u>24,439</u>	<u>48,098</u>	<u>89,446</u>
Profit attributable to:			
Equity holders of the Company	24,439	48,098	87,359
Minority interests	–	–	2,087
	<u>24,439</u>	<u>48,098</u>	<u>89,446</u>
Dividends	<u>18,000</u>	<u>37,254</u>	<u>80,206</u>
Earnings per share			
– Basic (HK\$)	<u>0.12</u>	<u>0.24</u>	<u>0.44</u>

## SUMMARY

### SHARE OFFER STATISTICS

Market capitalisation (*Note 1*) ..... HK\$368 million

Unaudited pro forma adjusted net tangible asset value per Share (*Note 2*) ..... 34.0 cents

#### Notes:

1. The calculation of market capitalisation is based on 230,000,000 Shares expected to be in issue immediately following completion of the Share Offer but takes no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of the Shares referred to under the paragraph headed “Statutory and general information — Further information about the Company” in Appendix V to this prospectus.
2. The unaudited pro forma adjusted net tangible assets per Share is arrived at after making the adjustments set forth in the section headed “Financial information” in this prospectus and on the basis of a total of 230,000,000 Shares in issue and expected to be issued immediately following completion of the Share Offer but does not take into account any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of the Shares referred to under the paragraph headed “Statutory and general information — Further information about the Company” in Appendix V to this prospectus.

Appendix II to this prospectus sets forth the calculation of the unaudited pro forma adjusted net tangible assets per Share.

### DIVIDENDS

#### Dividends declared and paid

For the three financial years ended 31 December 2007, a member of the Group declared dividends in the amount of HK\$18.0 million, HK\$37.3 million and HK\$80.2 million respectively to its then shareholders, representing approximately 73.8%, 77.5% and 89.7% of the Group’s net profit respectively. Save for HK\$74.7 million, being part of the dividends declared for the financial year ended 31 December 2007, all the aforesaid dividends were paid in cash out of the internal resources of the Group as at 31 December 2007. The balance in the said sum of HK\$74.7 million had been settled in full as at 30 April 2008.

#### Dividend policy

The dividend policy of the Company will be reviewed from time to time by the Board, which will take into account factors such as the Group’s operations and earnings, capital requirements, general financial conditions and other factors which the Board considers to be relevant.

Subject to the factors described above, it is the present intention of the Company to declare dividends to the Shareholders in such amount based on the profitability, financial conditions, cash requirements and availability, and the accumulated distributable reserves of the Group in respect of each financial year. The dividends of the Company will be paid by way of interim and/or final dividends. Any final dividend payment for any financial year is subject to the approval of the Shareholders.

## SUMMARY

### PROPOSED USE OF PROCEEDS

The net proceeds from the Share Offer, after deducting underwriting fees and estimated expenses payable by the Group in connection therewith, are estimated to be approximately HK\$40.5 million. The Group currently intends to use such net proceeds in the following manner:

- approximately HK\$15 million for the expansion of the production capabilities by upgrading and/or purchase of sophisticated equipment, software and production facilities including rental deposits and renovation costs and further enhancement of human resources through recruitment of experienced and suitable staff for its business operation;
- approximately HK\$6.5 million for expanding the translation operation in PRC through the establishment of production hub equipped with experienced staff in PRC;
- approximately HK\$6.5 million for setting up or acquiring a backup production hub in PRC;
- approximately HK\$6.5 million for setting up a representative office in Beijing, PRC for exploring business opportunities and developing business network; and
- the remaining balance of approximately HK\$6 million for the general working capital of the Group.

Pending the use of the net proceeds from the Share Offer for the purposes described above, the Group may place such funds in short-term interest bearing deposits and/or money-market instruments with authorised financial institutions and/or licensed banks in Hong Kong.

### RISK FACTORS

The Group's operations are subject to a number of risks, a detailed discussion of which is set out in the section headed "Risk factors" in this prospectus. These risks can be broadly categorised into:

- risks relating to the Group; and
- risks relating to the industry.

#### Risks relating to the Group

- The Group in general does not enter into long-term contracts with its customers, which exposes it to potential uncertainty with respect to its revenue from time to time.
- The Group may not be able to sustain the gross profit margin, operating profit margin and net profit margin.

## SUMMARY

- The Group may not be able to sustain the rapid business growth that the Group has experienced during the Track Record Period.
- The Group relies on subcontractors for its printing services.
- The Group relies on the key management and sales personnel.
- Concentration of operational facilities.
- The profitability could be adversely affected by the increasing rental in Hong Kong.
- Dividends paid in the past may not be indicative of the amounts of future dividend payments or the Company's future dividend policy.
- The shareholdings of the Group may be diluted in the event of the exercise of share options granted under the Share Option Scheme.
- The Group may not be able to integrate the operations of established businesses in PRC with its existing business and PRC expansion plan may not achieve the cost saving objectives and increase in revenues as originally anticipated.

### **Risks relating to the industry**

- The Group may be adversely affected by slow down in the economic growth or a downturn in stock market and/or corporate activities owing to unforeseen circumstances, such as an outbreak of infectious disease.
- Loss of revenue resulting from the abolishment of mandatory requirement for listed companies to publish paid announcements in newspapers.
- The Group may be adversely affected by changes in the laws and regulations governing the companies listed on the Stock Exchange.
- The Group operates in a competitive industry.
- The Group may be adversely affected by the failure or malfunction of security and backup of data.
- The Group may be adversely affected by the potential increase in printing cost.
- The Group may be adversely affected by the protest of the environmental groups on excessive printing materials.
- The Group may be adversely affected by the losses or liabilities arising from misstatement or leakage of confidential information in respect of documents handled by the Group.

## DEFINITIONS

*In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the following meanings:*

“Application Form(s)”	<b>WHITE</b> application form(s) and <b>YELLOW</b> application form(s) or, where the context so requires, either of them to be used in connection with the Public Offer
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Baron Capital”	Baron Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Board”	the board of Directors
“Brilliant Eagle”	Brilliant Eagle International Ltd., a company incorporated in BVI and beneficially owned by Ms. Ng Wing Mee, Denise and her spouse, Mr. Ip Mo Leung, Gary, Ms. Chiu Hok Yu, Ms. Lai Bo Kei, Mr. Lam Wing Hong, Jimmy and Ms. Chan Che Ching as at the Latest Practicable Date
“Business Day”	has the meaning ascribed to it under the Listing Rules
“BVI”	the British Virgin Islands
“Bye-laws”	the bye-laws of the Company adopted on 25 June 2008, and as amended from time to time
“Capitalisation Issue”	the issue of 170,000,000 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of the Company as referred to in the paragraph headed “Resolutions in writing of all Shareholders passed on 25 June 2008” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

## DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	iOne Holdings Limited, a company incorporated in Bermuda on 24 January 2008 with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, in the context of Company, means Brilliant Eagle, Gold Fortune Investments Limited, Ms. Ng Wing Mee, Denise, Mr. Ip Mo Leung, Gary, Ms. Chiu Hok Yu, Ms. Lai Bo Kei, Mr. Lam Wing Hong, Jimmy and Ms. Chan Che Ching
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Government”	the Government of Hong Kong
“Group”	the Company and its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were the subsidiaries of the Company at that time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of PRC
“Independent Third Party(ies)”	(a) person(s) or entity(ies) who/which is/are independent of and not connected with any member of the Group, the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates, and not otherwise (a) connected person(s) of the Company
“iOne FPL”	iOne Financial Press Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

## DEFINITIONS

“iOne (Regional) FPL”	iOne (Regional) Financial Press Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“IPO”	initial public offering
“Latest Practicable Date”	23 June 2008, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
“Lead Manager” or “Bookrunner”	Baron Capital
“Listing”	listing of the Shares on the Main Board
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Date”	the date on which dealings in the Shares first commence on the Main Board, which is expected to be on or around 14 July 2008
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM
“Memorandum”	the memorandum of association of the Company
“New Shares”	the 30,000,000 new Shares initially being offered by the Company for subscription at the Offer Price under the Share Offer
“Offer for sale”	the offer for sale of the Sale Shares by the Selling Shareholders under the Placing
“Offer Price”	the price of HK\$1.60 per Offer Share
“Offer Shares”	the Placing Shares and the Public Offer Shares
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of the Company and the Selling Shareholders, at the Offer Price, to professional, institutional and individual investors as described in the section headed “Structure and conditions of the Share Offer” in this prospectus

## DEFINITIONS

“Placing Shares”	the 23,748,000 New Shares being offered by the Company for subscription and the 30,000,000 Sale Shares being offered by the Selling Shareholders for purchase under the Placing (subject to the reallocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus)
“Placing Underwriters”	the underwriters of the Placing whose names are set forth in the paragraph headed “Underwriters” in the section headed “Underwriting” in this prospectus
“PRC”	the People’s Republic of China
“Public Offer”	the offer of the Public Offer Shares for the subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the Application Forms as further described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Public Offer Shares”	the 6,252,000 New Shares initially offered for subscription under the Public Offer (subject to reallocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus)
“Public Offer Underwriters”	the underwriters of the Public Offer whose names are set forth in the paragraph headed “Underwriters” in the section headed “Underwriting” in this prospectus
“Reorganisation”	the corporate reorganisation of the Group in preparation for the Listing, particulars of which are set forth under the paragraph headed “Corporate reorganisation” in Appendix V to this prospectus
“Sale Shares”	the 30,000,000 existing Shares being offered for sale by the Selling Shareholders at the Offer Price under the Placing
“Selling Shareholders”	Brilliant Eagle, Goldfish Ventures Limited, New Court Management Inc., Interasia Ventures Limited, Eternal Fortune Management Limited and Twin Luck Worldwide Holdings Ltd.
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company



## DEFINITIONS

“Share Offer”	the Placing and the Public Offer
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on 25 June 2008, a summary of the principal terms of which is set forth under the paragraph headed “Share Option Scheme” in Appendix V to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“SHK”	Sun Hung Kai International Limited, a corporation licensed under the SFO to conduct type 1 (dealing in securities), and type 6 (advising on corporate finance) regulated activities under the SFO
“Sing Kee”	Sing Kee Printing Factory Limited, a company incorporated in Hong Kong with limited liability and legally and beneficially owned as to 24% by Mr. Ip Mo Leung, Gary as at the Latest Practicable Date
“Sponsors”	Baron Capital and SHK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Track Record Period”	the period comprising the three financial years ended 31 December 2007
“Underwriters”	the Placing Underwriters and the Public Offer Underwriters
“Underwriting Agreement”	the conditional underwriting agreement dated 27 June 2008 entered into between the Company, the executive Directors, the Controlling Shareholders, the Selling Shareholders, the Lead Manager, the Sponsors and the Underwriters relating to the Share Offer, details of which are set forth in the section headed “Underwriting” in this prospectus
“HK\$” and “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“%”	per cent.

## RISK FACTORS

### **RISKS RELATING TO THE GROUP**

**The Group in general does not enter into long-term contracts with its customers, which exposes it to potential uncertainty with respect to its revenue from time to time**

For the Track Record Period, revenue of the Group derived mainly from companies listed on the Stock Exchange as their principal customers, which on average accounted for over 90% of the total turnover generated by the Group. As at the Latest Practicable Date, there were a total of 1,255 companies listed on the Stock Exchange and the Group had conducted business transactions with over 300 listed issuers in the past. It is a market practice that these companies tend not to engage themselves in long-term agreement or commitment with any financial printers. Hence, there is no contractual obligation on these customers to continue procuring services from the Group at all or at the same level which they historically have done. Should there be any significant decrease in demand from the listed customers, the Group's revenue and profitability will be adversely affected.

**The Group may not be able to sustain the gross profit margin, operating profit margin and net profit margin**

The Group reported gross profit margin of approximately 36.2%, 43.0% and 51.5%, respectively, for the three financial years ended 31 December 2007. For the same period, the operating profit margin was approximately 25.6%, 28.8% and 29.6%, respectively. There is no assurance that the Group will be able to maintain such growth of the gross profit margin or operating profit margin as that in the Track Record Period.

For the three financial years ended 31 December 2007, net profit attributable to the Shareholders was approximately HK\$24.4 million, HK\$48.1 million and HK\$87.4 million, respectively, representing net profit margin of approximately 20.9%, 24.2% and 23.6%, respectively. There is no assurance that the Group will be able to maintain such growth of the net profit margin as that in the Track Record Period.

**The Group may not be able to sustain the rapid business growth that the Group has experienced during the Track Record Period**

The Group has been expanding the business rapidly and intends to continue to do so. The turnover increased from approximately HK\$116.9 million for the financial year ended 31 December 2005 to approximately HK\$370.1 million for the financial year ended 31 December 2007, representing an average growth rate of approximately 78.1%. The Group needs to manage the growth effectively, which may entail devising and implementing business plans effectively, training and managing the growing workforce, managing the costs and implementing adequate control and reporting systems in a timely manner. There is no assurance that the Group will be able to maintain such rapid business growth in the future.

## RISK FACTORS

### **The Group relies on subcontractors for its printing services**

The Group does not have any printing facilities which are capable for financial printing purpose and the Group therefore subcontracts the printing work to printing factories as subcontractors on project basis. For each of the three financial years ended 31 December 2007, the subcontracting costs of the Group represented approximately 31.1%, 35.5% and 46.6%, respectively, of the total costs of services provided by the Group. For the Track Record Period, the Group's largest subcontractor, Sing Kee, accounted for approximately 46.6%, 33.0% and 29.1%, respectively, of the total subcontracting costs of the Group. Further details on Sing Kee and its relationship with the Group are set out in the section headed "Connected transactions" to this prospectus. However, the Group has not entered into any long-term agreement with these subcontractors for the printing services. There is no assurance that these subcontractors will not increase their charges in the future. In the event that any of these subcontractors fails to provide the required services to the Group or there is any increase in the printing charges or any termination of the provision of the printing services by any of these subcontractors, and replacement printers cannot be found, the Group's operations and profitability may be adversely affected.

### **The Group relies on the key management and sales personnel**

The Group's success is, to a significant extent, attributable to the management skills and sales experience of certain key members of the management, in particular, Ms. Chiu Hok Yu and other co-founders of the Group, including Ms. Chan Che Ching, Ms. Lai Bo Kei and Mr. Lam Wing Hong, Jimmy, who have an average of approximately 12 years of experience in the financial printing industry. Should any of these key management personnel cease to be involved in the management of the Group in the future and the Group fails to find a suitable replacement, there may be an adverse impact on the business and profitability of the Group.

Generally speaking, the Group operates in a highly competitive environment which requires specialised, skilled and trained personnel. The high expectation of the customers tend to channel their businesses to a few proven operators in the financial printing industry. Any disruption of the services by these staff as a result of their departure or other reasons, including litigation which prevent them from carrying on their duties, could result in a loss of income to the Group. Likewise, any unexpected actions such as litigation or claim that can seriously disrupt the normal operation of the Group or its expansion would have an adverse impact on the Group.

Furthermore, the Group relies on the ability to attract and retain skilled personnel to operate in this highly competitive environment. As a result, the inability to attract, motivate and/or retain the necessary personnel could adversely affect the Group's business.

### **Concentration of operational facilities**

The Group's principal locations are based on its two premises situated in the central district of Hong Kong. In the event that there is any unexpected and prolonged disruption to any or both of these locations (e.g. fire or power failures), the normal operation of the Group can be adversely affected.

## RISK FACTORS

### **The profitability could be adversely affected by the increasing rental in Hong Kong**

All of the premises occupied by the Group are leased properties. The Group's two premises for the clients' use are located at (i) 7th Floor, Wheelook House, 20 Pedder Street, Central, Hong Kong with a gross floor area of approximately 9,277 sq. ft. with a lease term from 22 December 2006 and expiring on 21 December 2010, and (ii) Suites 1506-1510, 15th Floor, Chater House, 8 Connaught Road Central, Central, Hong Kong with a net floor area of approximately 9,170 sq. ft. with a lease term from 1 December 2003 and expiring on 30 November 2009.

For each of the three financial years ended 31 December 2007, the Group incurred approximately HK\$2.4 million, HK\$2.8 million and HK\$6.3 million, respectively, as rental expenses for office premises, representing approximately 2.7%, 2.0% and 2.4% of the total cost.

The Group may not be able to negotiate or renew the lease of the two premises or control the rental expenses. In the event that the Group needs to relocate its offices, additional relocation costs will need to be incurred.

### **Dividends paid in the past may not be indicative of the amounts of future dividend payments or the Company's future dividend policy**

For the three financial years ended 31 December 2007, a member of the Group declared dividends in the amount of HK\$18.0 million, HK\$37.3 million and HK\$80.2 million respectively to its then shareholders, representing approximately 73.8%, 77.5% and 89.7% of the Group's net profit respectively. Save for HK\$74.7 million, being part of the dividends declared for the financial year ended 31 December 2007, all the aforesaid dividends were paid in cash out of the internal resources of the Group as at 31 December 2007. The balance in the said sum of HK\$74.7 million had been settled in full as at 30 April 2008.

However, there is no assurance that the amount or rate of any future dividends will be similar to that of the historical dividends or that future dividends will be declared at all. Potential investors should be aware that the historical dividends may not be used as a reference or basis upon which future dividends may be determined. The declaration, payment and amount of any future dividends will be subject to the recommendation of the Directors, which will depend on, among other things, the profitability, financial conditions, cash requirements and availability, and the accumulated distributable reserves of the Group. Further details on the dividend policy of the Company are set out in the paragraph headed "Dividend policy" under the section headed "Financial information" to this prospectus.

### **The shareholdings of the Group may be diluted in the event of the exercise of share options granted under the Share Option Scheme**

The Group may need to raise additional funds in the future to finance expansion or new development relating to its operations or new acquisitions. If additional funds are raised through the issue of new equity or equity-linked securities of the Group other than on a pro rata basis to the Shareholders, the shareholding of the Shareholders may be diluted. In addition, any such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

## RISK FACTORS

Furthermore, any exercise of the options granted under the Share Option Scheme in the future and issue of new Shares upon exercise thereof would result in the reduction in the shareholding of the Shareholders and a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of issued Shares. Under the Share Option Scheme, the cost of the share options granted to the Group's employees will be charged to the income statement at their fair values. This would reduce the Group's profitability.

**The Group may not be able to integrate the operations of established businesses in PRC with its existing business and PRC expansion plan may not achieve the cost saving objective and increase in revenue as originally anticipated**

Achieving the anticipated benefits of the expansion plan will depend in part upon the Group's ability to integrate the established businesses in PRC in an efficient and effective manner. The integration of businesses or operations that have previously operated independently may result in significant challenges, and the Group may be unable to accomplish the integration smoothly or successfully. In particular, the coordination of geographically dispersed organisations with differences in corporate cultures and management philosophies may increase the difficulties of integration. The integration of established businesses may also require the dedication of significant management resources, which may temporarily distract management's attention from the day-to-day operations of the Group. The process of integrating established businesses may also cause an interruption of, or loss of momentum in, the activities of one or more of the Group's businesses and the loss of key personnel from the Group or the established businesses. The Group's strategy is, in part, predicated on the ability to realise cost savings and to increase revenue through the establishment of businesses that add to the breadth and depth of the Group's products and services. Achieving these cost savings and increases of revenue is dependent upon a number of factors, many of which are beyond the Group's control. In particular, the Group may not be able to realise the benefits of anticipated integration of sales forces, asset rationalisation, systems integration, and more comprehensive product and service offerings.

### **RISKS RELATING TO THE INDUSTRY**

**The Group may be adversely affected by slow down in the economic growth or a downturn in stock market and/or corporate activities owing to unforeseen circumstances, such as an outbreak of infectious diseases**

The business is affected by the general economy of Hong Kong. Unforeseen circumstances such as an outbreak of infectious diseases may affect the marketing activities. The occurrence of an outbreak of infectious diseases is beyond the control of the Group. Likewise, any prolonged downturn in the stock market and/or corporate activities may lead to a reduction in fund raising and/or corporate activities, which may adversely affect the volume of business as well as existing presumption on profit margin of the Group. Also, there would be a negative impact on the Group's business if less PRC corporations apply for public listing in Hong Kong due to unfavourable economic environment. The number of IPOs successfully listed on the Stock Exchange for the five months ended 31 May 2008 was 15 compared to 24 in the corresponding period in 2007. Any such unforeseen circumstances may adversely affect the operations and financial performance of the Group in a material respect.

## RISK FACTORS

### **Loss of revenue resulting from the abolishment of mandatory requirement for listed companies to publish paid announcements in newspapers**

Prior to 25 June 2007, there was a mandatory requirement in the Listing Rules that the Main Board issuers must publish paid announcements in newspapers as a means of disseminating information to the public. In accordance with the amendments to the mechanisms for information dissemination by the Main Board issuers with effect from 25 June 2007, the Main Board issuers follow the GEM practice of disseminating their corporate information via the Stock Exchange's website, instead of publishing paid announcements in newspapers. In addition, all Main Board issuers must have their own websites in operation by the end of the 12-month transitional period commencing from 25 June 2007.

In particular, during phase 1 of the 12-month transitional period commencing from 25 June 2007 to 24 December 2007, a Main Board issuer who has its own website in operation was only required to publish a notification in newspapers if it published the full version of the announcement on the Stock Exchange's website and its own website. Such notifications were no longer required starting from the commencement of phase 2 of the transitional period, i.e. from 25 December 2007. For those Main Board issuers who do not have their own websites in operation, they are still required to publish their full announcements in newspapers as well as on the Stock Exchange's website. In accordance with the current Listing Rules, all Main Board issuers must have their own websites in operation by 25 June 2008, i.e. the end of the 12-month transitional period.

The share of the revenue derived from paid announcements of the Main Board and the GEM issuers was 45.0%, 40.7% and 25.9% respectively of the Group's total revenue for the three financial years during the Track Record Period. In light of the amendments to the Listing Rules as mentioned above, all Main Board issuers are no longer required to publish paid announcements in newspapers after 24 June 2008. Full abolition of the mandatory requirement for the Main Board issuers to publish paid announcements in newspapers will adversely affect the Group's revenue generated from paid announcements.

### **The Group may be adversely affected by changes in the laws and regulations governing the companies listed on the Stock Exchange**

During the Track Record Period, majority of the customers are companies listed on the Stock Exchange, which are subject to the compliance of all the applicable laws and regulations, including but not limited to, the Listing Rules.

In accordance with the Listing Rules, listed companies are required to disseminate corporate information to the public by way of announcements, circulars and financial reports and in the case of IPOs, companies are required to issue printed prospectuses to the public.

Since 25 June 2007, amendments to the mechanisms for information dissemination by the Main Board issuers to publish paid announcements in newspapers has already been taken place as disclosed in the paragraph headed "Loss of revenue resulting from the future abolishment of mandatory requirement for listed companies to publish paid announcement in newspapers" in this section above. As a result, the Group's revenue generated from paid announcements will be adversely affected.

## RISK FACTORS

In April 2008, “Joint Consultation Paper on the Proposal to allow a Companies Ordinance (CO) Offeror to issue a CO Paper Application Form for Shares in or Debentures of a Company to be listed on SEHK, and a Collective Investment Scheme (CIS) Offeror to supply a CIS Paper Application Form for Interests in an SFC-authorised CIS to be listed on SEHK, with a Listing Document Displayed on Certain Websites” was issued by the SFC and Hong Kong Exchanges and Clearing Limited. The shares of the Group’s total revenues derived from IPOs were 9.4%, 17.4% and 38.4% respectively for the three financial years ended 31 December 2007. The implementation of this consultation will have material impact on the Group.

Accordingly, any further amendments to the existing laws and regulations governing the companies listed on the Stock Exchange, if introduced, on the methods to disseminate corporation information to the public, which might affect the number of printed documents required, may also adversely affect the Group’s operation.

### **The Group operates in a competitive industry**

The Directors consider that there are a number of financial printers in Hong Kong operating in different sizes and providing services similar to the Group. Any increase in competition in the sector may result in price reduction and the depletion of the market share, which may in turn have an adverse impact on the financial performance.

### **The Group may be adversely affected by the failure or malfunction of security and backup of data**

The business operation of the Group relies heavily on the support of an efficient and uninterrupted operation of its computer and communication systems. The Group’s servers are vulnerable to computer viruses, hacking, vandalism, physical or electronic break-ins and other disruptions, which could lead to interruptions, delays or loss of data. There is risk that the Group’s network security measures cannot detect or prevent security breaches that could harm the Group’s business operation. Despite any precautions the Group may take, the occurrence of an unforeseen event such as fire, power shortage or earthquake could result in interruptions to the Group’s operation. The Group’s back-up and disaster recovery measures may not be able to effectively address any of the risks outlined above. Any failure or malfunction of the back-up systems of the Group could seriously affect the business operations of the Group.

### **The Group may be adversely affected by the potential increase in printing cost**

Papers are essential materials for the printing work of the Group. With respect to the continuous increase in the price of paper in the recent years, the printing cost which includes paper cost charged by subcontractors of the Group has been gradually increased as well. For each of the three financial years ended 31 December 2007, the printing cost of the Group accounted for approximately 24.5%, 29.3% and 39.6% respectively of the total cost of services provided by the Group. In the event of any substantial increase in the price of paper or the printing cost, the profitability of the Group may be adversely affected since there is no guarantee that the Group can pass on all or part of the increased cost to its customers.

<b>RISK FACTORS</b>
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**The Group may be adversely affected by the protest of the environmental groups on excessive printing materials**

Due to the business nature of the Group, excessive printing materials are essential to the Group's business operation. Recently, environmental groups have demanded the listing applicants and listed companies to cut pages and copies of prospectuses/other documents issued, as it could cause environmental damage and pollution.

If this issue cannot be addressed satisfactorily, business operation of the Group may be harmed and the reputation and relationship with the general public may be damaged. This could materially hinder the chances to win tenders for new projects and thereby affect the revenue of the Group.

**The Group may be adversely affected by the losses or liabilities arising from misstatement or leakage of confidential information in respect of documents handled by the Group**

The Group has routinely handled important and price-sensitive information of both non-listed and listed companies. The Group has adopted tight procedures to all its employees to ensure strict adherence of confidentiality of its customers and protect the integrity and confidentiality of the information that the Group handles. However, there is no assurance that the procedures can completely eliminate misstatement or leakage of confidential information of its customer. If the Group experiences any misstatement or leakage of confidential information of its customers, the Group might be exposed to professional liabilities, such as complaints or claims, which may have adverse impact on the Group's financial position and reputation.



## WAIVER FROM COMPLIANCE WITH THE LISTING RULES

### CHAPTER 14A OF THE LISTING RULES

The Group has entered into and is expected to continue certain transactions which will constitute non-exempt continuing connected transactions of the Company under the Listing Rules upon the Listing.

Accordingly, the Group has applied to the Stock Exchange for, and the Stock Exchange has granted, waiver in relation to certain continuing connected transactions between the Group and a connected person under Chapter 14A of the Listing Rules. For further details in this respect, please refer to the section headed “Connected transactions” in this prospectus.

## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

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

- the information contained in this prospectus is accurate and complete in all material respects and not misleading;
- there are no other facts or matters the omission of which would make any statement in this prospectus misleading; and
- all opinions expressed in this prospectus have been arrived at after due and careful consideration and enquiry and are founded on bases and assumptions that are fair and reasonable.

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms and in the terms and subject to the conditions set out herein and therein. So far as the Share Offer is concerned, no person is authorised to give any information or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by the Group, the Selling Shareholders, the Sponsors, the Lead Manager, the Underwriters, any of their respective directors, agents or professional advisers or any other parties involved in the Share Offer.

### **OFFER SHARES ARE FULLY UNDERWRITTEN**

This prospectus is published solely in connection with the Share Offer and, together with the Application Forms, sets out the terms and conditions of the Share Offer. The Share Offer is sponsored by the Sponsors and managed by the Lead Manager. Subject to the terms of the Underwriting Agreement, the Public Offer Shares and the Placing Shares are fully underwritten by the Public Offer Underwriters and the Placing Underwriters, respectively.

For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

### **PROSPECTUS TO BE DISTRIBUTED IN HONG KONG ONLY**

No action has been taken in any jurisdiction other than Hong Kong and Bermuda to permit any of the offering of the Offer Shares or the distribution of this prospectus and the Application Forms 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 circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

No offer of the Offer Shares may be made to members of the public in Bermuda.

## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

### **APPLICATION FOR LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE**

Application has been made to the Listing Committee of the Stock Exchange for the Listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue, the Share Offer and upon the exercise of any options which may be granted under the Share Option Scheme, on the Main Board.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges and at present, no such listing or permission to deal is being or proposed to be sought on any other stock exchange.

### **BERMUDA MONETARY AUTHORITY**

Permission of the Bermuda Monetary Authority has been granted to the Company for the issue of all the Offer Shares to and between persons regarded as non-resident of Bermuda for exchange control purposes. Furthermore, general permission of the Bermuda Monetary Authority has been granted for the issue and free transferability of Shares and securities of the Company to persons regarded as non-resident of Bermuda for exchange control purposes for so long the Shares are listed on the Stock Exchange. In granting such permission, the Bermuda Monetary Authority does not accept any responsibility for the financial soundness of the Company or for the correctness of any statement made or opinion expressed in this prospectus.

### **STRUCTURE AND CONDITIONS OF THE SHARE OFFER**

Further details of the structure and conditions of the Share Offer are set forth under the section headed “Structure and conditions of the Share Offer” in this prospectus.

### **PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES**

The procedure for applying for the Public Offer Shares is set forth in the section headed “How to apply for the Public Offer Shares” in this prospectus and in the Application Forms.

### **STAMP DUTY**

Dealings in the Shares registered on the Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty. The Company’s principal register of members will be maintained by the Company’s principal share registrar in Bermuda.

The Shares registered in the Company’s Hong Kong branch register of members constitute Hong Kong property.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in the Offer Shares, you should consult an expert. The Group, the Selling Shareholders, the Sponsors, the Lead Manager, the Underwriters, any of their respective Directors, agents or professional advisers or any other parties involved in the Share Offer do not accept responsibility for any tax effects on, or liability of, any person resulting from subscribing for, purchasing, holding, disposing of or dealing in the Offer Shares.

<b>DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER</b>
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**DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Nationality</b>
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**Executive Directors**

Ms. Ng Wing Mee, Denise	Cedar Drive 11 Site D The Redhill Peninsula 18 Pak Pat Shan Road Tai Tam Hong Kong	Chinese
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Ms. Chiu Hok Yu	Flat B, 6th Floor Block 6, Braemar Hill Mansions 25 Braemar Hill Road North Point Hong Kong	Chinese
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**Independent non-executive Directors**

Mr. Leung Pak Keung	34C Block 15 South Horizons Ap Lei Chau Hong Kong	Chinese
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Mr. Tse Chi Ming	Unit E, 10th Floor Tower 1, The Orchards 3 Greig Road Quarry Bay Hong Kong	Chinese
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Ms. Tsang Wing Yee	4C, Moon Fair Mansion 11 Shiu Fai Terrace Hong Kong	Chinese
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<b>DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER</b>
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**PARTIES INVOLVED IN THE SHARE OFFER**

**Sponsors**

Baron Capital Limited  
4th Floor, Aon China Building  
29 Queen's Road Central  
Hong Kong

Sun Hung Kai International Limited  
1201 CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

**Lead Manager and Bookrunner**

Baron Capital Limited  
4th Floor, Aon China Building  
29 Queen's Road Central  
Hong Kong

**Public Offer Underwriters**

Baron Capital Limited  
4th Floor, Aon China Building  
29 Queen's Road Central  
Hong Kong

Sanfull Securities Limited  
Room 2001-6 Cosco Tower  
183 Queen's Road  
Central  
Hong Kong

**Placing Underwriters**

Baron Capital Limited  
4th Floor, Aon China Building  
29 Queen's Road Central  
Hong Kong

Sun Hung Kai International Limited  
1201 CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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**Legal advisers to the Company**

*As to Hong Kong Law*  
 Iu, Lai & Li  
 20th Floor  
 Gloucester Tower  
 The Landmark  
 11 Pedder Street  
 Central  
 Hong Kong

*As to Bermuda Law*  
 Conyers Dill & Pearman  
 2901, One Exchange Square  
 8 Connaught Place  
 Central  
 Hong Kong

**Legal advisers to the Sponsors  
 and the Underwriters**

Mallesons Stephen Jaques  
 37th Floor  
 Two International Finance Centre  
 8 Finance Street  
 Central  
 Hong Kong

**Auditors and reporting accountants**

BDO McCabe Lo Limited  
*Certified Public Accountants*  
 25th Floor  
 Wing On Centre  
 111 Connaught Road Central  
 Hong Kong

**Property valuer**

Midland Surveyors Limited  
 25th Floor  
 World-Wide House  
 19 Des Voeux Road Central  
 Hong Kong

**Receiving banker**

Standard Chartered Bank (Hong Kong) Limited  
 15th Floor, Standard Chartered Tower  
 388 Kwun Tong Road  
 Kwun Tong  
 Hong Kong

## CORPORATE INFORMATION

<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Head office and principal place of business</b>	7th Floor, Wheelock House 20 Pedder Street Central Hong Kong
<b>Company's website address</b>	www.ioneholdings.com
<b>Company secretaries</b>	Mr. Ho Ming Fai <i>ACCA, CPA</i> Mr. Ira Stuart OUTERBRIDGE III*
	* <i>Mr. Ira Stuart Outerbridge III will immediately after the Listing resign as secretary of the Company and be appointed as assistant secretary of the Company.</i>
<b>Qualified accountant</b>	Mr. Ho Ming Fai <i>ACCA, CPA</i>
<b>Audit committee</b>	Ms. Tsang Wing Yee ( <i>Chairman</i> ) Mr. Leung Pak Keung Mr. Tse Chi Ming
<b>Remuneration committee</b>	Mr. Leung Pak Keung ( <i>Chairman</i> ) Ms. Tsang Wing Yee Mr. Tse Chi Ming
<b>Nomination committee</b>	Mr. Tse Chi Ming ( <i>Chairman</i> ) Ms. Tsang Wing Yee Mr. Leung Pak Keung
<b>Authorised representatives</b>	Ms. Chiu Hok Yu Flat B, 6th Floor Block 6, Braemar Hill Mansions 25 Braemar Hill Road North Point Hong Kong  Mr. Ho Ming Fai Flat C, 18th Floor Hove Court, Perth Garden 5-9 Perth Street Ho Man Tin Kowloon

<b>CORPORATE INFORMATION</b>
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<b>Compliance advisor</b>	Sun Hung Kai International Limited 1201 CITIC Tower 1 Tim Mei Avenue Central Hong Kong
<b>Principal banker</b>	Standard Chartered Bank (Hong Kong) Limited 4 – 4A Des Voeux Road Central Central Hong Kong
<b>Bermuda resident representative</b>	Mr. John Charles Ross COLLIS
<b>Principal share registrar and transfer office</b>	Butterfield Fund Services (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke HM 08 Bermuda
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Investor Services Limited 26/F, Tesbury Centre 28 Queen’s Road East Wanchai Hong Kong



## INDUSTRY OVERVIEW

*This section contains information and statistics relating to the industries in which the Group operates, and other related industry sectors. The Group has derived such information and data partly from publicly available government official publications. The information in such government official sources may not be consistent with the information compiled elsewhere. None of the Group, the Selling Shareholders, the Sponsors, the Lead Manager, the Underwriters or any other parties involved in the Share Offer has independently verified such information or made any representation as to the correctness or accuracy of such information and accordingly such information should not be unduly relied on.*

### THE FINANCIAL PRINTING INDUSTRY IN HONG KONG

#### Overview

During the period around 1980's, financial printing services in Hong Kong was predominately handled by a few financial printers which provided printing services to the financial institutions which carried on corporate finance advisory or fund raising activities for the listed companies in Hong Kong.

The growth of the Hong Kong economy, coupled with the success of the economic reform experienced in Shenzhen, PRC and the nearby areas, had greatly benefited many Hong Kong-based manufacturing enterprises which relocated their production to PRC to take advantage of the abundance of cheap labour and land there. Hong Kong, as the natural financial centre for these successful enterprises, also significantly benefited from such developments and served aptly as the natural venue of IPOs and other fund raising exercises of many Hong Kong-based businesses.

The introduction of IPOs of Mainland Chinese companies to Hong Kong since the early 2000's had greatly transformed the landscape of the Hong Kong stock market. Since then, Hong Kong has successfully adapted as the primary market for Mainland China and Taiwanese owned enterprises to raise equity capital overseas. The growth of the Hong Kong stock market also attracts many well-known investment banks and securities firms from overseas to invest and establish businesses in Hong Kong to capture business opportunities.

Since 2005, investment environment in Hong Kong has continued to improve which induced a substantial inflow of funds to the equity market in Hong Kong. The total market capitalisation of the Hong Kong stock market reached approximately HK\$20,697 billion at the year-end of 2007, representing a year-on-year increase of approximately 55%. The amount of total equity funds raised in 2007 was estimated to be approximately HK\$590 billion including funds raised through IPO via the Stock Exchange in 2007 which amounted to approximately HK\$292 billion. As at the year-end of 2007, there were 1,241 companies listed on the Stock Exchange. Trading in securities was very active in 2007 with average daily turnover of HK\$88,071 million, which represented a significant increase of approximately 160% from that in 2006.

## INDUSTRY OVERVIEW

*Summary of market statistics from the Main Board and the GEM*

	Main Board			GEM			Total		
	As at 31 Dec 2007	As at 31 Dec 2006	As at 31 Dec 2005	As at 31 Dec 2007	As at 31 Dec 2006	As at 31 Dec 2005	As at 31 Dec 2007	As at 31 Dec 2006	As at 31 Dec 2005
Market capitalisation (HK\$ billion)	20,536	13,249	8,113	161	89	67	20,697	13,338	8,180
Total funds raised (HK\$ billion)	571	516	299	19	9	3	590	525	302
IPO funds raised (HK\$ billion)	290	332	165	2	2	1	292	334	166
Number of newly listed companies	82	56	57	2	6	10	84	62	67
Number of listed companies	1,048	975	934	193	198	201	1,241	1,173	1,135
Total turnover (HK\$ billion)	21,506	8,333	4,498	159	44	22	21,665	8,377	4,520
Average daily turnover (HK\$ million)	87,424	33,735	18,211	647	177	90	88,071	33,912	18,301

*Source: Website of the Hong Kong Exchanges and Clearing Limited*

*Note: Figures have been rounded.*

The increasing economic integration between PRC and Hong Kong provides favorable conditions for the growth of the local economy and the financial markets. Coupled with PRC's liberalisation financial policies such as the relaxation of limitations on offshore investment through the Qualified Domestic Institutional Investor ("QDII") scheme in April 2006 have been likely to induce capital inflow from PRC to Hong Kong. The Stock Exchange continued to be an important capital formation centre for PRC enterprises. Listing activities and fund raising activities of PRC enterprises are expected to continue as companies increasingly seek to access international pools of capital, and global investors look for investment opportunities in PRC. It is also expected that Hong Kong will continue to serve its role as a conduit to raise fundings from international investors and that listings of PRC based business enterprises will continue to be a major growth driver of the securities market of Hong Kong in the foreseeable future.

The growth of the stock market in Hong Kong has created opportunities to the financial printing industry. In particular, the increased number of newly listed companies has brought an increase in demand for prospectuses and financial reports to the financial printing companies. As identified by the Group, these financial printing companies, including the Group, consist of around 9 leading companies, each of which aims to provide high quality and efficient printing services to its clients.

## INDUSTRY OVERVIEW

### **Printing of IPOs' prospectus**

The recent proposal made by the SFC and the Stock Exchange in April 2008 allows the issue of paper application forms for public offers which have electronic prospectuses available on certain prescribed websites. Such proposal, if implemented, is expected to generate flexibility and practicality that the market requires. This proposal follows the same policy direction as advocated in the Group's business model and the Group believes that this would strengthen the Group's position in the financial printing market as a competitive and efficient financial printing services provider.

### **Printing of financial reports and advertising of paid announcements**

With the abolishment of mandatory requirement to publish paid announcements for companies listed on the Stock Exchange, all listed issuers are no longer required to publish paid announcements in newspapers after 24 June 2008. This change of regulations has significantly affected the Group and its competitors as well as the printing industry as a whole. It also stimulates change of business nature for the Group by moving towards development of pre-press and electronic delivery service for its customers. Further details are set out in the paragraph headed "Loss of revenue resulting from the future abolishment of mandatory requirement of listed companies to publish paid announcements in newspapers" under the section headed "Risk factors" in this prospectus.

## **OVERVIEW**

The Group is principally engaged in the provision of financial printing services for the financial sector in Hong Kong which include mainly the printing of IPO prospectuses, financial reports, company announcements, circulars, legal compliance documents, research reports, corporate brochures and newsletters. Majority of the customers are companies listed on the Stock Exchange and corporate communication and investor relations companies. The Group provides a range of integrated services to its customers ranging from typesetting, translation, design, printing to delivery, within which, print run production and part of the translation process are subcontracted to a panel of subcontractors for higher efficiency and capital saving purpose. This business model is activity-oriented which aims to develop and enhance the Group's existing core businesses with minimal deviation and diversification from the key aspects of the model. The Group has no intention to change the Group's business model after the Listing. As confirmed by the Directors, the Group did not and does not have any intention to acquire Sing Kee (one of the subcontractors which provides printing services to the Group) before and after the Listing. The Group believes that its resources should be allocated mainly to the direct services such as typesetting and translation provided to its customers. For the financial year ended 31 December 2007, the Group handled and completed printing services for 18 IPO prospectus and ancillary forms, and over 500 financial reports amongst many other documents.

By leveraging on the business relationship and the reputation for the provision of financial printing services, the Group achieved significant growth in the business during the Track Record Period. For each of the three financial years ended 31 December 2007, the Group's turnover was approximately HK\$116.9 million, HK\$199.1 million and HK\$370.1 million, respectively, representing an average growth of approximately 78.1%, and the Group's profit was approximately HK\$24.4 million, HK\$48.1 million and HK\$89.4 million, respectively, representing an average growth of approximately 91.5%.

## **HISTORY AND DEVELOPMENT**

The Group, led by Ms. Chiu Hok Yu, who was one of the founders together with the other co-founders including Ms. Chan Che Ching, Ms. Lai Bo Kei and Mr. Lam Wing Hong, Jimmy, bring an average of approximately 12 years of experience in the financial printing services, established iOne FPL in mid-2000.

At the time of the establishment of iOne FPL, a number of individual investors were invited to invest in it. At that time, the total issued share capital of iOne FPL was HK\$10 million comprising 10 million shares issued at par (that is, at HK\$1 per share), of which 68% was held by Brilliant Eagle, 4% was held by Ms. Chan Che Ching and 28% was held by the other investors. Brilliant Eagle was then owned as to 73% by Ms. Chiu Hok Yu and the remaining 27% by the other founders (that is, as to 10% by Mr. Lam Wing Hong, Jimmy; 5.5% by Mr. Hung King Kuen; 5.5% by Ms. Lai Bo Kei; 3.5% by Ms. Ng York Ki, Peggy; and 2.5% by Ms. Leung Yuet Wei). The other investors of iOne FPL were: (a) Goldfish Ventures Limited (held by Ms. Yeung Wing Yan Wendy, Mr. Tsang Link Carl Brian and Mr. Yih Lai Tak Dieter in equal shares) holding 12%; (b) New Court Management Inc. (wholly-owned by Ms. Yu Tak Yee) holding 4%; (c) Interasia Ventures Limited (then wholly-owned by Mr. Lau Man Tak, who subsequently transferred his shareholding to Ms. Wong Yee Mei in 2004) holding 4%; (d) Eternal Fortune Management Limited (wholly-owned by Ms. Kong Yee Ching Ellen) holding 4%; and (e) Twin Luck Worldwide Holdings Ltd. (also wholly-owned by Ms. Kong Yee Ching Ellen) holding the remaining 4%.

## BUSINESS

Save for Ms. Chiu Hok Yu, Ms. Chan Che Ching, Ms. Lai Bo Kei and Mr. Lam Wing Hong, Jimmy who are the Directors or the members of the existing senior management of the Group and Ms. Leung Yuet Wei who is the typesetting supervisor in iOne (Regional) FPL, none of the above investors and their ultimate beneficial owners are Directors, senior management or employees of the Group or are related to the Company and its connected persons.

In July 2000, the Group commenced the financial printing press business with an office located in Hang Seng Building, 77 Des Voeux Road Central, Hong Kong with the then work force headcount of about 30 employees.

With the significant expansion of its business, the Group had almost doubled the number of its employees by the end of 2002.

In February 2004, iOne FPL moved to a new office in Chater House, 8 Connaught Road Central, Hong Kong with a net floor area of approximately 9,170 square feet. In March 2004, the number of the employees increased to over 60.

On 25 July 2005, Ms. Ng Wing Mee, Denise, together with her spouse, Mr. Ip Mo Leung, Gary, acquired 53% interest in Brilliant Eagle (which held 68% shareholding interest in iOne FPL) from Ms. Chiu Hok Yu. The consideration for transfer of the 53% interest in Brilliant Eagle was HK\$3.8 million, which was negotiated on arm's length basis with reference to approximately 36% (or HK\$3.6 million in monetary terms) indirect attributable interest of such transferred shares in the then HK\$10 million issued share capital of iOne FPL. Ms. Chiu Hok Yu believed that the introduction of Ms. Ng Wing Mee, Denise as a strategic investor of the Group would benefit the Group in the long run given Ms. Ng Wing Mee, Denise's substantive relevant experience in the financial printing industry. Further, Ms. Chiu Hok Yu considered it a good opportunity to liquidate part of her investment in the Group expeditiously to meet her own financial needs while she could remain as the second largest shareholder and continue her senior role in the core management of the Group. At that time, Ms. Ng Wing Mee, Denise was a passive investor and provided advice and recommendations from time to time which the Group applied to further strengthen its internal operation supporting the subsequent business growth of the Group. Ms. Ng Wing Mee, Denise commenced involvement in the management of the Group since 9 March 2007 when she was appointed as a director of iOne FPL. She was also appointed as a director of iOne (Regional) FPL on 22 March 2007. Such change of her role was made to enhance business network and strategic development (such as possible establishment of the Group's operation in PRC) of the Group in the future.

In October 2005, iOne (Regional) FPL was established as an indirect wholly-owned subsidiary of iOne FPL with its own office located in Chuang's Building, 30-32 Connaught Road Central, Hong Kong as the branch office in response to the continuing expansion of the business and the need for additional office space. iOne (Regional) FPL is engaged in the business of financial printing services. In order to cater for the business expansion, the Group relocated its whole translation team to Chuang's Building.

## BUSINESS

In December 2006, Ms. Chan Che Ching transferred her entire 4% shareholding interest in iOne FPL to Brilliant Eagle at HK\$400,000. The consideration was determined at arm's length negotiation with reference to the total par value for such 4% shareholding interest (equivalent to 400,000 ordinary shares of HK\$1 each) in iOne FPL as subscribed by Ms. Chan Che Ching initially. In January 2007, Gold Fortune Investments Limited (an investment vehicle of Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary) acquired about 3.5% shareholding interest in Brilliant Eagle from Ms. Ng York Ki, Peggy at US\$7.00, which was determined at arm's length negotiation with reference to the total par value for such 3.5% shareholding interest (equivalent to 7 ordinary shares of US\$1 each) as subscribed by Ms. Ng York Ki, Peggy initially, thus increasing its shareholding interest in Brilliant Eagle from 53% to 56.5%. At the same time, Brilliant Eagle increased its issued share capital by allotment and issue of new shares to all its shareholders (including Gold Fortune Investments Limited) and Ms. Chan Che Ching at par (that is, US\$1 each), with the result that Brilliant Eagle became held as to about 53.32% by Gold Fortune Investments Limited, 18.9% by Ms. Chiu Hok Yu, 9.45% by Mr. Lam Wing Hong, Jimmy, 5.56% by Ms. Chan Che Ching, 5.2% by Ms. Lai Bo Kei, 5.2% by Mr. Hung King Kuen and 2.37% by Ms. Leung Yuet Wei. Ms. Lai Bo Kei is a member of the senior management of the Group and Ms. Leung Yuet Wei is the typesetting supervisor in iOne (Regional) FPL. Mr. Hung King Kuen is an Independent Third Party.

In January 2007, in order to strengthen the business development of the Group as well as to provide a clear delineation for the business development of iOne (Regional) FPL, iOne FPL transferred its entire equity interest in Rich Partners Holdings Limited to Miracle View Group Ltd at US\$1.00 (which was determined with reference to the then issued share capital of Rich Partners Holdings Limited i.e. US\$1.00); and Rich Partners Holdings Limited issued a further 94 shares at US\$94.00 (i.e. at par value of US\$1.00 each) to Miracle View Group Ltd and 5 shares to Ms. Chan Yi Mei, Amy at US\$5.00 (i.e. at par value of US\$1.00 each), in recognition of her contribution to the business development of iOne (Regional) FPL. At the same time, the then shareholders of iOne FPL transferred all their 10 million shares at par (that is, at a total of HK\$10 million) to Rising Win Ltd, which issued 1 new share (at par value of US\$1) to Miracle View Group Ltd, which in turn issued 100 shares at par value of US\$1 each to the then shareholders of iOne FPL in proportion to their respective shareholdings in iOne FPL. Miracle View Group Ltd had no shareholder prior to the allotment of such 100 new shares.

As a result, Miracle View Group Ltd became the holding company for both iOne FPL and iOne (Regional) FPL as set out in the chart on page 36.

In early 2007, iOne FPL moved to a new office in Wheelock House, 20 Pedder Street, Central, Hong Kong with a gross floor area of approximately 9,200 square feet whereas iOne (Regional) FPL's office remained at Chater House. As at the Latest Practicable Date, the total number of staff of the Group increased to over 170 employees.

In November 2007, RFP Financial Press Limited and RFP Holdings Limited were established under Miracle View Group Ltd for the purpose of reservation of company names. Neither of them commenced business as of the Latest Practicable Date.

## BUSINESS

In February 2008, Gold Fortune Investments Limited acquired 5.2% shareholding in Brilliant Eagle from Mr. Hung King Kuen at HK\$1.2 million, and a further 2.37% from Ms. Leung Yuet Wei at HK\$200,000. The consideration was determined after arm's length negotiation between the parties separately after taking into account, inter alia, discounts for minority interests. The aggregate shareholding of Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary in Brilliant Eagle through Gold Fortune Investments Limited was accordingly increased to about 60.89% as a result of such acquisition.

The Group implemented the following steps under the Reorganisation for preparation of the Listing:

- (a) Under a sale and purchase agreement dated 28 February 2008 between Miracle View Group Ltd (an intermediate holding company of the Group) as purchaser and Ms. Chan Yi Mei, Amy as vendor, the Group acquired the remaining 5% shareholding interest in Rich Partners Holdings Limited held by her at a total cash consideration of HK\$6 million. The acquisition was completed on 28 March 2008. Rich Partners Holdings Limited became an indirect wholly-owned subsidiary of the Company accordingly. The consideration was determined with reference to the professional valuation dated 19 December 2007 for iOne (Regional) FPL prepared by LCH (Asia-Pacific) Surveyors Limited, an independent firm of valuers registered in Hong Kong.
- (b) Under a sale and purchase agreement dated 25 June 2008 between the then shareholders of Miracle View Group Ltd (comprising Brilliant Eagle, Goldfish Ventures Limited, New Court Management Inc., Interasia Ventures Limited, Eternal Fortune Management Limited and Twin Luck Worldwide Holdings Ltd.) as vendors, Brilliant Eagle, Ms. Ng Wing Mee, Denise and Ms. Chiu Hok Yu as warrantors and the Company as purchaser, such shareholders transferred their respective entire equity interest in Miracle View Group Ltd to the Company in exchange for (i) the allotment and issue of 29,990,000 new Shares, credited as fully paid and (ii) the credit up of the 10,000 nil-paid Shares then held by such Shareholders, further details are set out in the paragraph headed "Corporate reorganisation" in Appendix V to this prospectus. Miracle View Group Ltd became wholly-owned by the Company and acts as an intermediate holding company of the Group accordingly.

As a result, the Company became the holding company of its subsidiaries. Further details of the Reorganisation are set out in the paragraph headed "Corporate reorganisation" in Appendix V to this prospectus.

## **AWARDS**

The Group has received the following awards for the design of financial reports for the customers which, in the Director's opinion, are the recognition of the Group's achievements and quality of work:

<b>Year</b>	<b>Annual report</b>	<b>Name of awards received by the Group</b>	<b>Awards</b>
2005	Asia Aluminum Holdings Limited	International ARC Awards <sup>1</sup>	Silver
	City Telecom (HK) Limited	International ARC Awards <sup>1</sup>	Bronze
2006	Asia Aluminum Holdings Limited	International ARC Awards <sup>1</sup>	Gold
	China Telecom Corporation Limited	International ARC Awards <sup>1</sup>	Silver
	Natural Beauty Bio-Technology Limited	International ARC Awards <sup>1</sup>	Silver
	First Pacific Company Limited	International ARC Awards <sup>1</sup>	Bronze
	Sun Hing Vision Group Holdings Limited	International ARC Awards <sup>1</sup>	Honors
	Asia Aluminum Holdings Limited	Astrid Awards <sup>4</sup>	Honors
	Sun Hing Vision Group Holdings Limited	Astrid Awards <sup>4</sup>	Honors
	Asia Aluminum Holdings Limited	Galaxy Awards <sup>2</sup>	Bronze
	Dynasty Fine Wines Group Limited	Galaxy Awards <sup>2</sup>	Honors
	Hong Kong Science and Technology Parks Corporation	Galaxy Awards <sup>2</sup>	Honors
	Asia Aluminum Holdings Limited	Mercury Awards <sup>3</sup>	Gold



## BUSINESS

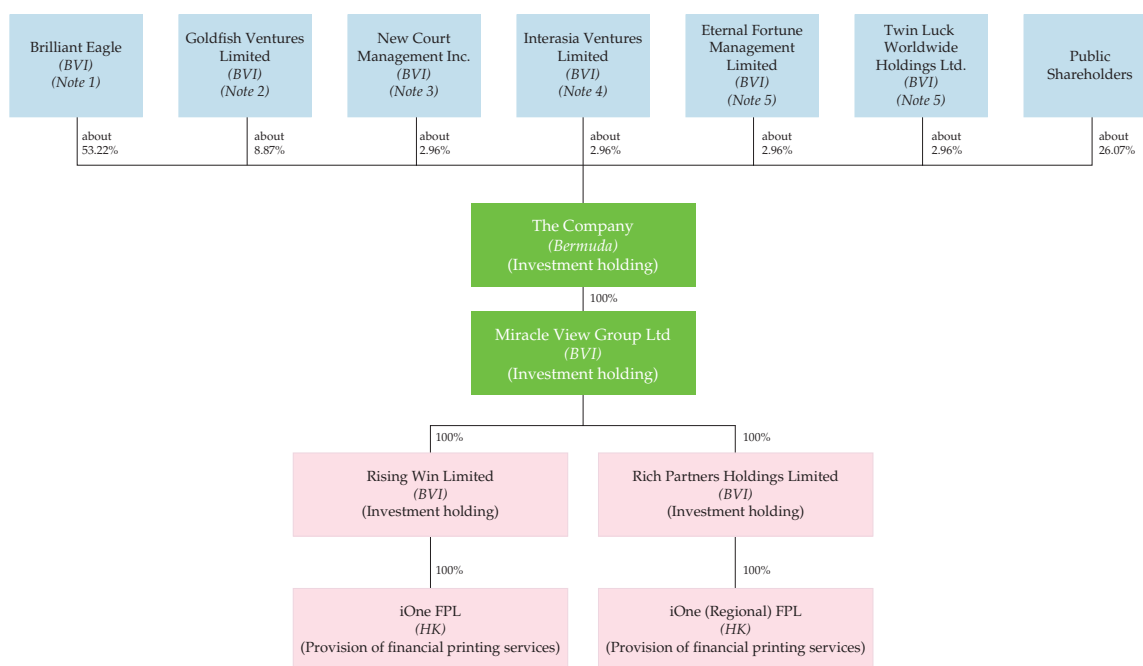
Year	Annual report	Name of awards received by the Group	Awards
2007	Li Ning Company Limited	International ARC Awards <sup>1</sup>	Gold/Honors
	Prime Success International Group Limited	International ARC Awards <sup>1</sup>	Gold/2 Bronze
	China Telecom Corporation Limited	International ARC Awards <sup>1</sup>	Silver
	Baoye Group Company Limited	International ARC Awards <sup>1</sup>	Bronze/2 Honors
	Yue Yuen Industrial (Holdings) Limited	International ARC Awards <sup>1</sup>	Bronze
	Greentown China Holdings Limited	International ARC Awards <sup>1</sup>	Honors
	Hopson Development Holdings Limited	International ARC Awards <sup>1</sup>	Honors
	Liu Chong Hing Investment Limited	International ARC Awards <sup>1</sup>	Honors
	Natural Beauty Bio-Technology Limited	International ARC Awards <sup>1</sup>	Honors
	New World China Land Limited	International ARC Awards <sup>1</sup>	Honors
	Sun Hing Vision Group Holdings Limited	International ARC Awards <sup>1</sup>	Honors
	New World China Land Limited	Astrid Awards <sup>4</sup>	Gold
	Asia Aluminium Holdings Limited	Astrid Awards <sup>4</sup>	Silver
	China Telecom Corporation Limited	Astrid Awards <sup>4</sup>	Honors
	Li Ning Company Limited	Galaxy Awards <sup>2</sup>	Silver
	China Mobile Limited	Galaxy Awards <sup>2</sup>	2 Bronze
	China Telecom Corporation Limited	Galaxy Awards <sup>2</sup>	2 Honors

1. The criteria of the International ARC Awards is based on how effective each annual report can communicate its company's story. Judgement is based on the values of creativity, clarity, effectiveness and excellence. Some of the elements to be considered in the judgement of the annual reports include: cover design, president's letter, interior design, clarity of written text, presentation of corporate information, expression of financial data, and how well the spirit of the organisation is communicated.
2. The criteria of the Galaxy Awards is based on the degree that the individual entry achieves its intended purpose. Judgement is based on the values of creativity, effectiveness, performance and success.
3. The criteria of the Mercury Awards is based on the degree that the individual entry achieves its intended purpose. Judgement is based on the values of creativity, effectiveness, performance and success. Some of the elements to be considered in the judgement process are: how effective the material meets the stated objectives; how well the material is communicated to the designated audience; use of imaginative and original solutions; the use of material to illustrate and clarify the information; and the overall expression of the message.
4. The criteria of the Astrid Awards is judged on the basis of concept creativity, clarity and production quality.

# BUSINESS

## CORPORATE STRUCTURE

The following diagram illustrates the corporate structure and operating subsidiaries of the Group (together with the principal business activities and the place of incorporation of each member of the Group) immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares that may be taken up under the Share Offer or any Shares that may fall to be allotted and issued pursuant to the exercise of any options to be granted under the Share Option Scheme):



### Notes:

- (1) Brilliant Eagle (incorporated in BVI on 12 January 2000) is beneficially owned as to about 60.89% by Gold Fortune Investments Limited (which is beneficially held by Ms. Ng Wing Mee, Denise and her spouse, Mr. Ip Mo Leung, Gary, in equal shares), as to about 5.20% by Ms. Lai Bo Kei, as to about 9.45% by Mr. Lam Wing Hong, Jimmy, as to about 5.56% by Ms. Chan Che Ching and as to about 18.90% by Ms. Chiu Hok Yu. Its principal activity is investment holding. Ms. Ng Wing Mee, Denise is an executive Director and the Chairman of the Company while Ms. Chiu Hok Yu is an executive Director and the managing director of the Company. Ms. Lai Bo Kei, Mr. Lam Wing Hong, Jimmy and Ms. Chan Che Ching are senior management of the Group.
- (2) Goldfish Ventures Limited (incorporated in BVI on 28 February 1997) is beneficially owned as to one-third by Ms. Yeung Wing Yan, Wendy, as to one-third by Mr. Tsang Link Carl, Brian and as to one-third by Mr. Yih Lai Tak, Dieter respectively. Its principal activity is investment holding. Mr. Tsang Link Carl, Brian is a partner of Iu, Lai & Li, the legal advisers to the Company in connection with the Listing. Mr. Yih Lai Tak, Dieter is a partner of Mallesons Stephen Jaques, the legal advisers to the Sponsors and the Underwriters. Save as disclosed above, Ms. Yeung Wing Yan, Wendy is an independent third party.
- (3) New Court Management Inc. (incorporated in BVI on 2 February 2000) is beneficially owned by Ms. Yu Tak Yee solely. Its principal activity is investment holding. Save as disclosed above, Ms. Yu Tak Yee is an independent third party.
- (4) Interasia Ventures Limited (incorporated in BVI on 10 May 2000) is beneficially owned by Ms. Wong Yee Mei solely. Its principal activity is investment holding. Save as disclosed above, Ms. Wong Yee Mei is an independent third party.
- (5) Eternal Fortune Management Limited (incorporated in BVI on 7 April 1999) and Twin Luck Worldwide Holdings Ltd. (incorporated in BVI on 25 May 2000) are beneficially owned by Ms. Kong Yee Ching, Ellen solely. Their principal activities are investment holding. Save as disclosed above and the note to the paragraph headed "Customers" under this section below, Ms. Kong Yee Ching, Ellen, is an independent third party.

## BUSINESS

### BUSINESS ACTIVITIES

The Group is principally engaged in the provision of financial printing services in Hong Kong, in which three types of services can be categorised, namely printing services, advertising and translations. Revenue generated from these three areas during the Track Record Period are as follows:

	Year ended 31 December		
	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Printing services	49,992	99,810	245,099
Advertising	52,621	80,992	95,657
Translations	14,334	18,285	29,308
	116,947	199,087	370,064
	116,947	199,087	370,064

Below is a summary of main sources of the Group's revenue.

#### (a) Printing services

The printing services are mainly represented by the typesetting, design and printing of IPO prospectuses, circulars, financial reports and others. For each of the three financial years ended 31 December 2007, the printing services represented approximately 42.7%, 50.1% and 66.2% respectively of the Group's total turnover. The fee is charged based on the provision of typesetting and printing services and other expenses which are incidental to the provision of such services.

#### (b) Advertising

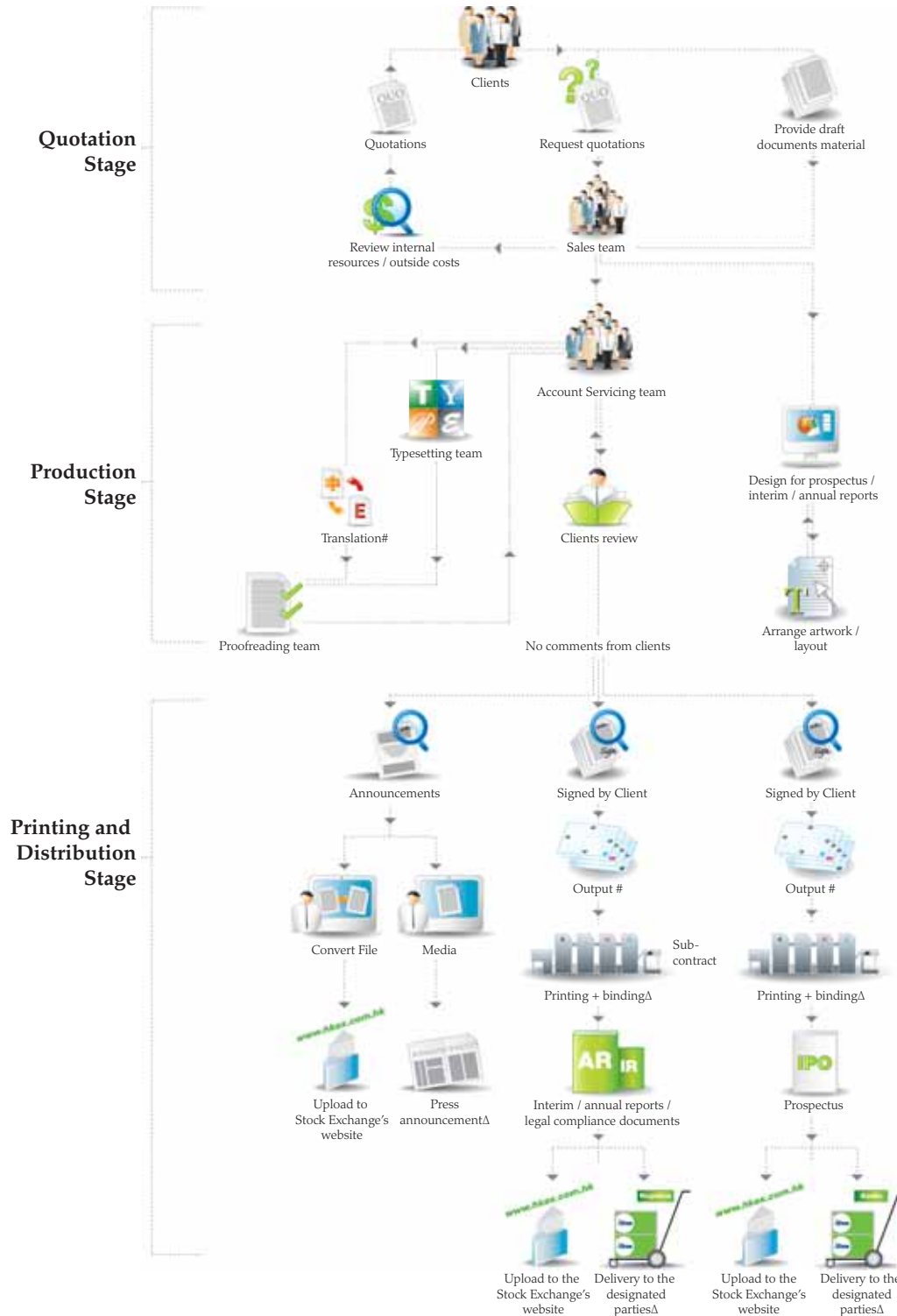
Advertising refers to the placing of paid announcements by listed companies on newspapers. The revenue generated from the advertising services represented approximately 45.0%, 40.7% and 25.9% respectively of the Group's total turnover in each of the three financial years ended 31 December 2007. The Group mainly charges its customers based on the insertion costs and other expenses which are incidental to the provision of such services.

#### (c) Translations

Translation services involve translation of English material to Chinese version for different types of financial documents, and vice versa. For each of the three financial years ended 31 December 2007, the revenue generated from the translation services represented approximately 12.3%, 9.2% and 7.9% respectively of the Group's total turnover which is based on translation fee and other expenses incidental to the provision of such services.

## OPERATIONS

The Group's printing services, advertising and translation services can be generally categorised into three stages, namely fee quotation stage, production stage and printing/distribution stage. The following summarises the general procedures undertaken by the Group:



Δ procedure which is outsourced by the Group  
 # procedure which is partly outsourced by the Group

**Fee quotation stage**

The preparation of a fee quotation usually begins with defining the client's printing requirements of the project. The Group will make reference to the recent market information such as subcontractors' quotations, resources availability as well as working schedule. Before submitting a fee quotation to the client, it has to be reviewed and approved by the sales managers to ensure that the quotation is competitive whilst maintaining a reasonable level of profitability in accordance with the Group's policy.

**Production stage**

The production stage usually involves three types of the professional services, namely design, typesetting/proofreading and translation.

**Design**

For a project regarding printing of a financial related documents, the design team may be involved to participate closely with the client on the creative artwork and design matters. The Group has successfully assisted many of the Group's clients to win design awards from various organisations. From time to time, the Group also works together with other design houses to provide value added services such as artwork and editorial design to the Group's clients.

As at the Latest Practicable Date, the Group employed 12 employees in the design department, who have an average of about 4 years of experience in the design field. The team is led by experienced designer(s) who have won a number of awards. Details of which are set out under the paragraph headed "Awards" in this section above.

**Typesetting/proofreading**

The production department is responsible for the typesetting and proofreading aspect of the projects. The proofreading team will ensure the accuracy and consistency of the entire document. The Group is readily available to meet the clients' tight printing schedules by providing round the clock typesetting/proofreading services.

The Group places strong emphasis on the accuracy of the typesetting of the documents and implement a quality control system through the proofreading service for reviewing the documents. Once the documents have been typesetted and proofread, the account service executives will release the documents to the clients. The account service executives also work closely with the clients and, where appropriate, their advisers such as investment bankers and lawyers so that the clients' printing needs can be met promptly.

As at the Latest Practicable Date, the Group had 66 employees in the typesetting/proofreading team of the production department.

### **Translation**

The Group has its in-house translation services team which is led by a number of experienced translators who are experienced in and familiar with the terminology and definitions used in various industries and is thus able to offer objective and accurate translation services involving English and Chinese translation on any types of financial documents. For higher efficiency purpose, the Group continues to outsource part of its translation works. It is expected that the Group will continue this practice until a feasible plan is available for the expansion of its translation operation line including the establishment of translation units in PRC. Details of the expansion plan are set out under the section headed “Future plans and proposed use of proceeds” in this prospectus.

As at the Latest Practicable Date, the Group had 21 employees in the translation department, about eight of them have over five years of experience in translation.

### **Printing/distributing stage**

The team in the printing/binding department liaises and coordinates with the printing factories to ensure meeting deadlines of printing schedule and exercise control of the overall quality of the printed documents. In some cases, the team will also visit the printing factories to ensure the overall quality of the printed documents. In addition, the team will work with the courier companies to ensure timely delivery of the documents to various intended destinations.

As at the Latest Practicable Date, the Group employed two employees in the printing/binding department with nine employees in sales and marketing department responsible for quality monitoring.

## **SUPPLIERS**

For each of the three financial years ended 31 December 2007, the Group’s largest supplier accounted for approximately 19.4%, 20.1% and 16.3%, respectively, of the Group’s total cost of services provided. The Group’s five largest suppliers including subcontractors accounted for approximately 64.3%, 66.1% and 58.9%, respectively, of the Group’s total cost of services provided during the same period. The Group has a long term business relationship with most of its five largest suppliers. The majority of the Group’s suppliers are newspaper publishers and photocopying machine leasing companies in Hong Kong. The Group is normally granted a credit term of 30 to 60 days.

The Group has subcontracted all the printing work and advertising on newspapers to printing factories and newspaper publishers directly as principal and the corresponding service fees have been recognised on a gross basis.

For the same period, the Group’s five largest suppliers excluding subcontractors accounted for approximately 50.2%, 50.6% and 35.0%, respectively, of the Group’s total cost of services provided. Save as disclosed in the sub-paragraph headed “Subcontracting arrangements” below, none of the Directors and their respective associates, or the existing Shareholders who, to the best knowledge and belief of the Directors, owns more than 5% of the issued share capital of or has any interest in any of the five largest suppliers.

### **Subcontracting arrangements**

In order to allocate the resources efficiently, the Group subcontracts all the printing work and part of the translation work to printing factories and translation companies respectively on project basis. These subcontractors comprised of the Group's list of suppliers. No contract is entered into with the subcontractors and quotations will be requested from the subcontractors on a project base. The Group will compare and assess the pricing offer, historical service record, reputation and company background of at least two quotations before confirming the subcontractor. In order to maintain the quality of subcontractors, the printing/binding department together with the sales and marketing department will monitor the work and make sure the quality and timeliness of the subcontractors' printout. In addition, to the best of the knowledge of the Directors, there has not been any substantial failure of the subcontractors in providing the required service to the Group during the Track Record Period.

The Group has engaged around 10 subcontractors over the Track Record Period for the provision of printing services, of which six have been working with the Group for over three years. While the Group has maintained a cordial relationship with the subcontractors and will exercise all reasonable endeavours to cultivate and maintain such cordial relationship, there is no guarantee that the works performed by the subcontractors will consistently be on a satisfactory level.

The principal terms for the provision of services by the subcontractors include, amongst others, detail of services, quantity of order and delivery time.

The top five subcontractors during the Track Record Period are listed below:

Name of subcontractor		Services provided to the Group	Approximate percentage of subcontracting fee to cost of services provided	Approximate percentage of subcontracting fee to the total subcontracting costs paid by the Group
<b>2005</b>				
1.	Sing Kee	Printing works	14.5%	46.6%
2.	Fine Arts Offset Printing Company Limited	Printing works	3.9%	12.6%
3.	APEX Translation Communication Ltd.	Translation	2.9%	9.3%
4.	Suncolor Printing Company Limited	Printing works	2.7%	8.5%
5.	Advanced Products Limited	Printing works	2.3%	7.5%
<b>2006</b>				
1.	Sing Kee	Printing works	11.7%	33.0%
2.	Advanced Products Limited	Printing works	6.9%	19.4%
3.	Suncolor Printing Company Limited	Printing works	4.7%	13.2%
4.	Fine Arts Offset Printing Co. Ltd.	Printing works	3.6%	10.2%
5.	Friend's Printing Co. Ltd.	Printing works	1.5%	4.2%

## BUSINESS

Name of subcontractor	Services provided to the Group	Approximate percentage of subcontracting fee to cost of services provided	Approximate percentage of subcontracting fee to the total subcontracting costs paid by the Group
<b>2007</b>			
1. Sing Kee	Printing works	13.6%	29.1%
2. Treasure Printing Company Ltd	Printing works	13.4%	28.8%
3. Suncolor Printing Company Limited	Printing works	4.7%	10.0%
4. Fine Arts Offset Printing Company Limited	Printing works	3.2%	6.9%
5. Advanced Products Limited	Printing works	2.7%	5.8%

During the Track Record Period, (i) the subcontracting costs to the top five largest subcontractors amounted to approximately HK\$19.6 million, HK\$32.2 million and HK\$67.4 million which represent approximately 84.5%, 80.0% and 80.6%, of the Group's total subcontracting costs respectively; and (ii) the total subcontracting costs amounted to approximately HK\$23.2 million, HK\$40.3 million and HK\$83.6 million which represent approximately 31.1%, 35.5% and 46.6%, of the Group's total cost of services provided respectively.

Out of all the subcontractors, Sing Kee is the main subcontractor of the Group. Sing Kee is owned by Mr. Yip Sing Lam (father-in-law of Ms. Ng Wing Mee, Denise), Mr. Ip Mo Leung, Gary (the spouse of Ms. Ng Wing Mee, Denise), Mr. Ip See Yuen (brother-in-law of Ms. Ng Wing Mee, Denise) and Mr. Yip King Man (cousin-in-law of Ms. Ng Wing Mee, Denise) as to 51%, 24%, 24% and 1%, respectively. By virtue of the Listing Rules, Sing Kee is an associate of Ms. Ng Wing Mee, Denise and is also a connected person of the Company. During the Track Record Period, the aggregate subcontracting fee between the Group and Sing Kee amounted to approximately HK\$10.8 million, HK\$13.3 million and HK\$24.3 million, respectively which represented approximately 46.6%, 33.0% and 29.1% respectively of the Group's total subcontracting fee. Save for Sing Kee, none of the Directors and their respective associates has any interests in any of the subcontractors during the Track Record Period. The Directors also confirm that all subcontractors, except for Sing Kee, are Independent Third Parties.

## MARKETING

The Group believes that one of the key successes lies in the sales and marketing teams. The Group has two separate sales and marketing teams under iOne FPL and iOne (Regional) FPL respectively.

The sales teams visit the existing customers from time to time in order to maintain close relationships with them. For potential new clients, most of them are companies listed on the Stock Exchange, the sales teams are responsible for handling pitching activities for the promotion of the business of the Group.



## **BUSINESS**

The sales and marketing teams of iOne FPL and iOne (Regional) FPL are managed and supervised by Ms. Chan Che Ching and Ms. Chan Yi Mei, Amy respectively. Both sales and marketing teams target the same clientele under the same market segment. They will seek approvals from the senior management of the Group for any substantial decision making while the overall operations of the two teams are independent and supervised by the Board.

From time to time, the Group may also place advertisement in financial-related magazines to promote the corporate image and enhance the brand recognition, which will also create opportunities to attract potential customers.

The advertising expenses incurred by the Group for each of the three financial years ended 31 December 2007 were HK\$0.1 million, HK\$0.1 million and HK\$0.9 million respectively.

In addition, the Group also secures prospective IPO candidates as the new customers through referrals from professional parties, such as investment banks, lawyers and accountants, the Directors believe that many of them have made recommendation based on their positive view on the Group's ability to provide a reliable, efficient and quality services to the clients with competitive pricing.

### **CUSTOMERS**

The financial printing services provided by the Group are mainly divided into two streams — printing and translation, and advertising. The printing and translation division is the printing of IPO prospectus, annual and/or interim reports, announcements, circulars as well as other legal compliance documents. The advertising division is related to the publishing of paid announcements for listed companies in newspapers.

As majority of customers of the Group are listed companies, the new requirement to abolish mandatory requirement for listed companies to publish paid announcements in newspapers is expected to have a material effect on the Group. The revenue derived from paid announcements of the Main Board and the GEM issuers represented about 45.0%, 40.7% and 25.9% of the Group's revenue for the three financial years ended 31 December 2007 respectively. Further details about the new requirement in the Listing Rules for the Main Board issuers are set out in the paragraph headed "Loss of revenue resulting from the abolishment of mandatory requirement for listed companies to publish paid announcements in newspapers" under the section headed "Risk factors" in this prospectus.

The major customers of the Group are listed companies and corporate communication and investor relations companies. As at 31 December 2007, the Group had over 300 customers which are companies whose issued shares are listed on the Stock Exchange.

## BUSINESS

The Group maintained stable relationships with a majority of the customers during the Track Record Period. There are around 157 and 39 recurring listed companies which have been using iOne FPL's services over the Track Record Period and iOne (Regional) FPL's services since its incorporation, which represents approximately 61% of the Group's total number of listed company customers as at 31 December 2007. The Group may grant credit term of 30 days for the customers. During the Track Record Period, the Group did not have any significant bad debts or doubtful account. The Group reviewed the payment status of the account receivables and took appropriate actions to collect the outstanding balances. The bad debt written off during the same period was approximately HK\$0.1 million, HK\$0.4 million and HK\$0.1 million respectively.

For each of the three financial years ended 31 December 2007, the Group's largest customer accounted for approximately 2.9%, 9.9% and 6.8%, respectively, of the Group's total turnover and the Group's five largest customers accounted for approximately 11.3%, 24.4% and 27.4%, respectively, of the Group's total turnover. The Group's major customers during the Track Record Period were mostly potential IPO candidates which were successfully listed on the Stock Exchange, and corporate communication and investor relations companies. The Group's five largest customers during the Track Record Period are set out below:

	<b>Stock Code</b>
<b>2005</b>	
1. iPR Ogilvy Limited ( <i>Note</i> )	N/A
2. Xiwang Sugar Holdings Company Limited	2088
3. First Pacific Company Limited	142
4. PCCW Limited	8
5. Fittec International Group Limited	2662
<b>2006</b>	
1. China Communications Services Corporation Limited	552
2. The Ming An (Holdings) Company	1389
3. iPR Ogilvy Limited ( <i>Note</i> )	N/A
4. SPG Land (Holdings) Limited	337
5. CITIC International Financial Holdings Limited	183
<b>2007</b>	
1. Hidili Industry International Development Limited	1393
2. Samling Global Limited	3938
3. CITIC 1616 Holdings Limited	1883
4. New World Development Store China Limited	825
5. Bosideng International Holdings Limited	3998

*Note:* Ms. Kong Yee Ching, Ellen (a Shareholder who will be interested in approximately 5.91% of the issued share capital of the Company immediately following completion of the Share Offer and the Capitalisation Issue) is a shareholder of iPR Ogilvy Holding Limited, the holding company of iPR Ogilvy Limited.

## BUSINESS

The following table summarizes the number of IPOs handled by the Group during the Track Record Period and the respective percentage to the total number of IPOs successfully listed on the Stock Exchange:

	2005	2006	2007
Number of IPOs successfully listed on the Stock Exchange handled by the Group	10	8	18
Total number of IPOs successfully listed on the Stock Exchange	67	62	84
Approximate percentage of number of IPOs handled by the Company over the total number of IPOs successfully listed on the Stock Exchange	15%	13%	21%

Save as disclosed, none of the Directors and their respective associates, or the existing Shareholders who, to the best knowledge and belief of the Directors, owns more than 5% of the issued share capital of, or has any interest in, any of the five largest customers.

### Financial control

The Group uses its best endeavor to exercise tight financial control over all aspects of the operations and closely monitor the movements of all key cost constituents. In addition, the finance and accounting department maintains and tracks the billing cycles to ensure that billings are made promptly and are subsequently settled. The Group has not experienced/incurred any significant debt provisions in the Track Record Period.

### Credit control

The Group's finance and accounting department processes all settlement payments from the Group's customers on a daily basis and updates the status of any unsettled debt periodically.

In case of outstanding trade receivables, written reminders will be sent to the respective customers and followed by telephone calls. If the Group cannot recover the outstanding trade receivables owing by the customers, a legal demand letter from the Group's solicitors will be sent to such customers. Under certain circumstances, the Group may consider taking legal action to recover the outstanding trade receivables.

### COMPETITION

The Group is principally engaged in the provision of financial printing services. The elements of competition within the industry include cost, quality, and in particular, accuracy and speed of delivery.

It is identified by the Company that there are approximately 9 well-established financial printing service providers currently conducting businesses in Hong Kong whose business nature are similar to that of the Group.

### **Competitive position of the Group**

#### *(a) Printing of IPOs' prospectus*

The number of prospectus handled by the Group during the financial year ended 31 December 2007 is 18, representing approximately 21% of newly listed companies in Hong Kong.

#### *(b) Printing of financial reports and advertising of paid announcements*

The Group has conducted businesses with 259, 312 and 319 listed companies for the printing of financial reports and advertising of paid announcements during the Track Record Period, representing approximately 23%, 27% and 26% of the total number of the companies listed on the Stock Exchange.

### **Foreign competition**

The Group believes that many foreign printing enterprises from Singapore and the United States aim to enter into the Asian printing market with a view to enjoy the benefits and opportunities offered by the huge market in PRC. In order to break into the Asian market, some of these newcomers have taken a quicker approach by merging and acquiring existing domestic-operated enterprises in Hong Kong. These foreign companies acquire printing houses in Hong Kong together with their existing operations, manpower support and market connections and become the potential competitors of the Group.

With the expanding business operations and the substantive experience of the senior management staff of the Group, the Board believes that the existing business venture of the Group offers a competitive edge over its foreign competitors.

### **Strengths and weaknesses of major competitors**

The Board believes that many of the major competitors have their own printing process facilities which enable them to provide reliable and complete services to its customers. They may also have a well-established global network for overseas distributions.

Foreign printing enterprises hoping to venture into PRC through Hong Kong operations are subject to certain entry barriers including the country's economic climate, the availability of potential target and the rules and regulations of the target's origin.

### **Competitive weaknesses of the Group**

The Group does not have its own printing facilities or machineries to provide a complete printing services to its customers. Details of the subcontracting arrangements are set out in the sub-paragraph headed "Subcontracting arrangements" under the paragraph headed "Suppliers" in this section above. The Group does not have a well-established global connection as strong as those offered by some of its foreign competitors.

Based on the Directors' knowledge and experience in the financial printing services, most of the legal compliance documents, including financial reports, announcements and circulars, issued by companies listed on the Stock Exchange are handled by a handful of companies specialised in financial printing services in Hong Kong. The Group believes that one of the main entry barriers for newcomers is their ability to establish their credibility and presence and to accumulate a large customer base to achieve economies of scale. The Directors are of the view that taking into account the competitive advantages of the Group, in particular, with the sales teams' efforts in maintaining good relationships with the customers and their advisers, the Group is well-positioned to face the competition.

The Board considers that competition does not exist between the business of the Group and the businesses of either the Controlling Shareholders or the Directors or their respective associates.

## **COMPETITIVE ADVANTAGES**

The Group's success is principally attributable to the following strengths of the Group:

### **Well proven track record**

The Group has a well-established history in the provision of quality and efficient financial printing services in Hong Kong. The Directors believe that such long-established track record is able to assist the Group to build up its reputation, which provides the Group a competitive advantage in the financial printing industry in Hong Kong.

### **Experienced management and sales team**

Ms. Chiu Hok Yu, an executive Director and one of the founders of the Group, has over 10 years of experience in the provision of financial printing services and has played a key management and leadership role in the development of the Group. The other co-founders of the Group, including Ms. Chan Che Ching, Ms. Lai Bo Kei and Mr. Lam Wing Hong, Jimmy, have an average of approximately 13 years of experience in the financial printing industry. In addition, some of the members of the sales team have an average of over 10 years of experience in the provision of financial printing services in Hong Kong as such, their pool of valuable knowledge and skills have given the clients satisfactory services as well as assisted in capturing new businesses. With the intention to continue to expand the business and market share, the Group invited Ms. Chan Yi Mei, Amy to join as the Sales Director of iOne (Regional) FPL in November 2005. In 2007, Ms. Chan Yi Mei, Amy was appointed as the General Manager of iOne (Regional) FPL. To further augment the established strengths of the management team, the Group invited Ms. Ng Wing Mee, Denise, who has over 13 years of relevant experience in the provision of financial printing services, to join the Group in March 2007 as a director of iOne FPL. She was appointed as an executive Director and the Chairman of the Company. Apart from the above-mentioned founders of the Group who have been in charge of the business development of the Group since its establishment, the Group also employs a dedicated professional management team with members who have strong experience in the financial printing industry.

With the depth of the experience of the management team and its expertise, the Directors are confident that the Group's management will be able to sustain the existing competitiveness in the provision of financial printing services in Hong Kong.

#### **Cost competitiveness and reliability**

The Group exercises a tight control on quality, confidentiality and efficiency. The Group subcontracts the print run production to a panel of outside printers, thus avoiding intense capital requirement in owning printing equipments itself. The Directors believes this method is well perceived by its customers and the Group is a reliable service provider which is frequently invited to tender for jobs. The Group uses its best endeavour to maintain and enforce a code of conduct of confidentiality that is observed by all its employees. The Directors believe that these coupled with the Group's record of prompt and reliable services which put the Group in a very competitive position in securing businesses.

#### **Design capabilities**

The Group has a dedicated team of designers to assist its customers for designing financial reports. The design team has won a number of awards including International ARC Awards, Astrid Awards, Galaxy Awards and Mercury Awards, details of which are set out under the paragraph headed "Awards" in this section headed "Business" in this prospectus.

### **FACILITIES AND EQUIPMENT**

The Group currently has two office facilities for the clients' use, both of which are located at Central, Hong Kong.

The office located at 7th Floor, Wheelook House, 20 Pedder Street, Central, Hong Kong is occupied by iOne FPL with a gross floor area of approximately 9,277 sq. ft., whilst the other office located at Suites 1506–1510, 15th Floor, Chater House, 8 Connaught Road Central, Hong Kong, is occupied by iOne (Regional) FPL with a net floor area of approximately 9,170 sq. ft.. Each of the offices has eight conference rooms readily available for the clients' use for drafting and proof reading sessions.

To accommodate the customers' needs and to provide comfortable environments for the clients, both locations are equipped with auxiliary facilities/services including lounge with self-service refreshments, cable television, clients' internet area, and other hospitality amenities in-house food and beverages ordering service, private telephone room, self-service business center and fax and photocopying machines and broadband internet access.

Each of the above office facilities is equipped with, among others, typesetting team and proofreading team in order to provide an effective response to cater for the customers' needs.

To further shortening the lead time during the translation process, the Group has a dedicated team of translators located at the office at 11th Floor, Chuang's Tower, Nos. 30–32 Connaught Road, Central, Hong Kong, solely for the purpose of translation. The Group aims to provide quality services to its clients in an effective and efficient manner.

## BUSINESS

The summary below sets out the office premises leased by the Group as of 31 May 2008:

<b>Address</b>	<b>Floor area</b>	<b>The term of the relevant tenancy agreement</b>
7th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong	gross floor area of approximately 9,277 sq.ft.	From 22 December 2006 and expiring on 21 December 2010
Suites 1506-1510 on the 15th Floor, Chater House, 8 Connaught Road Central, Hong Kong	net floor area of approximate 9,170 sq.ft.	From 1 December 2003 and expiring on 30 November 2009
11th Floor, Chuang's Tower Nos. 30-32 Connaught Road Central, Hong Kong	gross floor area of approximately 2,321 sq.ft.	From 1 November 2005 and expiring on 31 October 2008

The above office premises are occupied by the Group for office purposes and are all leased from Independent Third Parties. Further details of the Group's property interests as of 31 May 2008 are set out in Appendix III to this prospectus.

### INTELLECTUAL PROPERTY

The Group conducts its business under the registered trademark "iOne Regional" in Hong Kong. The Group has filed other trademarks applications which have not been approved by the Hong Kong Trade Marks Registry. There is no assurance that such pending applications will be approved by the Hong Kong Trade Marks Registry and consequently the Group may not be granted with exclusive rights to use such marks as registered trademarks in Hong Kong. The Group considers that it is not materially dependent on any intellectual property rights.

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

<b>Domain name</b>	<b>Registrant</b>
ioneholdings.com	iOne FPL
ione.com.hk	iOne FPL
ioneregional.com	iOne (Regional) FPL
rpffinancialpress.cn	iOne FPL
rpffinancialpress.com.cn	iOne FPL
ionefinancialpress.com.cn	iOne FPL
ioneregional.com.cn	iOne FPL
ioneregional.cn	iOne FPL

## BUSINESS

Domain name	Registrant
ioneinternational.com.cn	iOne FPL
ioneinternational.cn	iOne FPL
ioneholdings.com.cn	iOne FPL
ioneholdings.cn	iOne FPL
ionehk.com.cn	iOne FPL
ionehk.cn	iOne FPL
ionetranslation.com	iOne FPL
ioneinternational.com.hk	iOne FPL
ione.hk	iOne FPL
ioneholdings.com.hk	iOne FPL
ioneregional.hk	iOne (Regional) FPL
rfphongkong.com	iOne (Regional) FPL
rfphongkong.net	iOne (Regional) FPL
ioneregional.com.hk	iOne (Regional) FPL
rfphk.com.hk	iOne (Regional) FPL
rfphongkong.hk	iOne (Regional) FPL
rfphongkong.com.hk	iOne (Regional) FPL

Further information relating to the trademarks and domain names mentioned above is set forth in the paragraph headed “Further information about the business” in Appendix V to this prospectus.

### QUALITY CONTROL

The Directors consider that the ability to maintain the quality of the financial printing services is crucial to the long term growth of the Group. Therefore, the Group places strong emphasis on the training of its staff and improvement of production facilities.

With regard to the bulk printing services subcontracted to the outside printers, the sales and production teams of the Group keep contact with the outside printers from time to time to ensure the timeliness of the printout and will inspect the printout to maintain the quality.

### INFORMATION TECHNOLOGY

The Board believes that the Group has a fully secured suite of IT systems covering the operation of its computer and communication. Full-time IT staff is monitoring and reviewing the IT systems to ascertain the delivery of the required functionality. The IT systems for operation and the server rooms are properly safeguarded within restricted area with either door access system or finger print verification system.

The Group’s servers are also protected by firewall, anti-virus software and spam filtering application along with data backup for at least every six hours on removable disk or tape to ensure business continuity in respect of irrecoverable data.



## **LEGAL PROCEEDINGS, CLAIMS AND COMPLIANCE**

During the Track Record Period and up to the Latest Practicable Date, the Group had not been involved in any litigation, claim, administrative action or arbitration which had a material adverse effect on the operations or financial condition of the Group. The Group has obtained all requisite licences, permits and approvals for its operations.

As mentioned in the section under “Risk Factors” in this prospectus, the Group is aware of the potential risk that litigation, whether against the Group or the Group’s employees, may have on the Group. The Directors consider that the Group adopts a vigilant stance on these risks. Where appropriate, the Group always seeks proper legal advice to protect the Group’s position. The Group is highly conscious of the fact that it routinely handles important and price-sensitive information. The Group adopts tight procedures for all its employees to follow to ensure strict adherence of client confidentiality to protect the integrity and confidentiality of the information that the Group handles. For example, under the written guidelines to the Group’s employees, the staff is required to keep safe custody and lock away all documents containing confidential information before leaving the office. Besides, all documents containing confidential information which are no longer required must be shredded and not discarded in waste paper baskets. Such procedures have proven to be successful and as far as the Directors are concerned, no report of unauthorised disclosure of clients’ confidential information have ever been made since the commencement of the business of the Group.

## **INSURANCE**

The Group maintains employee compensation insurance for all its employees as required under the Employees’ Compensation Ordinance. The Directors consider that the Group’s insurance coverage is sufficient and in line with the normal commercial practice in Hong Kong.

## **HEALTH AND SAFETY**

The Group provides training to its employees with respect to occupational safety. The Group follows the health and safety-related rules and regulations in accordance with the Occupational Safety and Health Ordinance and sets the requirements for workplace environmental control and hygiene at workplaces pursuant to the Occupational Safety and Health Ordinance. The Directors are of the opinion that relevant rules and regulations relating to health and safety have been fully satisfied and complied with.

## **EXECUTIVE DIRECTORS**

Ms. Ng Wing Mee, Denise, aged 49, is an executive Director and the Chairman of the Company. She is responsible for provision of advice for the overall management, strategic development and supervision of the Group. Ms. Ng obtained her certificates in Company Law & Company Secretarial Practice from the Hong Kong Baptist College (now known as the Hong Kong Baptist University) in 1985 and 1986. Prior to joining the Group, Ms. Ng had worked as a company secretary in a Hong Kong registered deposit-taking company before she was engaged as a managing director in a financial printing company in Hong Kong. Ms. Ng has over 13 years of experience in the financial printing industry. She joined the Group in March 2007 and has not been a director of any listed companies in three years immediately preceding the date of this prospectus.

Ms. Chiu Hok Yu, aged 37, is an executive Director and the managing director of the Company and the founder of the Group. She is responsible for the Group's overall management, corporate development and strategic planning. Ms. Chiu received her secondary education in Hong Kong. Prior to founding the Group, Ms. Chiu has worked as a customer services manager and subsequently a senior marketing manager in two separate financial printing companies in Hong Kong. Ms. Chiu has more than 10 years of experience in the financial printing industry and has not been a director of any listed companies in the three years immediately preceding the date of this prospectus.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Mr. Leung Pak Keung, aged 49, is an independent non-executive Director. Mr. Leung Pak Keung holds a bachelor's degree with honour in civil engineering from the University of Western Australia. Mr. Leung is a construction manager of Henderson Land Development Company Limited (Stock Code: 12), and also a technical director and authorized signatory of Ginca Construction Company Limited, a registered general building contractor in Hong Kong. Mr. Leung Pak Keung has been a member of the Hong Kong Institute of Construction Managers since October 2002 and has worked in the building construction field for over 21 years. He joined the Group in March 2008 and has not been a director of any listed companies in the three years immediately preceding the date of this prospectus. The Directors believe that he has extensive experience in business operation and management system to provide advice and guidance to the Group for overall administration execution.

Mr. Tse Chi Ming, BSc (Hons), MRICS, MHKIS, RPS(BS), Authorised Person (Surveyor), aged 49, is an independent non-executive Director. Mr. Tse Chi Ming graduated from the University of Greenwich, England and holds a Bachelor of Science (Hons) Degree in Building Surveying. He has been a registered professional surveyor in Building Surveying Division of Surveyors Registration Board, practicing in Hong Kong since January 1998 and possesses over 10 years' experience in his profession. He is also a member of the Council to the Building Surveying Division of the Hong Kong Institute of Surveyors and was appointed as a member of the Appeal Tribunal Panel by the Government in February 2007. Mr. Tse Chi Ming is an assistant general manager of the Group's Business Development Department of Henderson Land Development Company Limited (Stock Code: 12). He joined the Group in March 2008 and has not been a director of any listed companies in the three years immediately preceding the date of this prospectus. The Directors believe that he has extensive experience in business and solid knowledge of corporate governance to supervise the compliance requirements and corporate governance matters of the Group.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

Ms. Tsang Wing Yee, aged 36, is an independent non-executive Director. She is a Chartered Financial Analyst Charterholder, a Certified Public Accountant and a fellow member of the Association of Chartered Certified Accountants. Ms. Tsang Wing Yee holds a master degree in financial management from the University of London and a bachelor degree in business administration from the University of Hong Kong. She has approximately 13 years of experience in the investment and finance field. Ms. Tsang Wing Yee was the Chairman of ProSticks International Holdings Limited (stock code: 8055), whose shares are listed on the GEM Board, for the period from 31 May 2006 to 31 March 2008. Save as disclosed above, Ms. Tsang Wing Yee has not hold any directorship in other listed public companies in the last three years. She joined the Group in March 2008.

### SENIOR MANAGEMENT

Mr. Ho Ming Fai, aged 49, is the financial controller, qualified accountant and company secretary of the Company. Mr. Ho Ming Fai possesses more than 25 years of working experience in accounting, investment and treasury. Prior to joining the Group, Mr. Ho Ming Fai has worked as an accounting manager and subsequently an assistant treasurer in an investment company. He also has accounting and treasury experience in a Hong Kong listed company and a governmental authority respectively. Mr. Ho Ming Fai holds a Master of Finance Degree from the Curtin University of Technology, Australia and has been a fellow member of the Association of Chartered Certified Accountants since May 2005 and an associate member of the Hong Kong Institute of Certified Public Accountants since July 2000. He joined the Group in January 2008.

Ms. Chan Che Ching, aged 38, a co-founder of the Group, is the General Manager and Head of Sales of iOne FPL. She is responsible for the sales and marketing activities and general management of the company. Ms. Chan Che Ching attended the Hong Kong Higher Level Examination in Hong Kong. Prior to founding the Group, Ms. Chan Che Ching has worked as an assistant marketing manager in a financial printing company in Hong Kong. Ms. Chan Che Ching has over 12 years of experience in the financial printing industry.

Ms. Chan Yi Mei, Amy, aged 33, is the General Manager and Sales Director of iOne (Regional) FPL. She is responsible for the sales and marketing activities and general management of the company. Ms. Chan Yi Mei, Amy has been in financial printing industry for more than 8 years. Ms. Chan Yi Mei, Amy obtained a Bachelor of Laws degree from the University of Keele, England in 1996. Ms. Chan Yi Mei, Amy joined the Group in November 2005.

Ms. Lai Bo Kei, aged 36, a co-founder of the Group, is the Sales Director of iOne FPL. Ms. Lai Bo Kei has been in the financial printing industry for about 10 years and is responsible for business development and client relationship building. Prior to founding the Group, Ms. Lai Bo Kei has worked as a senior marketing executive in a financial printing company in Hong Kong. Ms. Lai Bo Kei holds a Bachelor of Arts degree in Business Studies from City Polytechnic of Hong Kong (now known as City University of Hong Kong).

Mr. Lam Wing Hong, Jimmy, aged 37, a co-founder of the Group, is the Head of Account Servicing and Production Team of iOne FPL. Mr. Lam Wing Hong, Jimmy is in charge of overseeing the back-end operation including production and technical support function to the clients' services. Mr. Lam Wing Hong, Jimmy has over 17 years of experience in the financial printing industry. Prior to founding the Group, Mr. Lam Wing Hong, Jimmy has worked as an assistant customer service manager in a financial printing company in Hong Kong.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

Ms. Cheng Li Mei, Phoebe, aged 47, is the Administration and Finance Manager of iOne FPL and is responsible for overseeing the administration and financial control of the company. Ms. Cheng Li Mei, Phoebe has around 19 years' working experience in tax, finance and accounting. Prior to joining the Group, Ms. Cheng Li Mei, Phoebe has worked as an assistant tax manager in an international accountancy firm and subsequently, an accounting and administration manager in a financial printing company in Hong Kong. Ms. Cheng Li Mei, Phoebe holds a Bachelor of Arts in Accounting and Financial Analysis from the University of Newcastle Upon Tyne in the United Kingdom. Ms. Cheng Li Mei, Phoebe joined the Group in June 2001.

Ms. Kwok Kam Lai, aged 46, is the financial controller and Human Resources/Administration Director of iOne (Regional) FPL and is responsible for overseeing the administration and financial control of the company. Ms. Kwok Kam Lai has been in the financial printing industry for more than 10 years and has more than 20 years of experience in auditing and accounting. Prior to joining the Group, Ms. Kwok Kam Lai has worked as an accounts and administration manager and subsequently, a regional finance manager in a financial printing company in Hong Kong. Ms. Kwok Kam Lai received her secondary education in Hong Kong and obtained her Diploma in Accountancy from the Morrison Hill Technical Institute (now known as "Hong Kong Institute of Vocational Education (Morrison Hill)") in 1982. Ms. Kwok Kam Lai has been an associate member of the Hong Kong Institute of Certified Public Accountants since 1997 and also a fellow member of the Association of Chartered Certified Accountants since 2001. Ms. Kwok Kam Lai joined the Group in November 2006.

Mr. So Ka Lung, aged 40, is the Head of Design of iOne FPL and is responsible for overseeing design direction and quality control of the Group's art work production process. He has over 9 years of experience in graphic design. Prior to joining the Group, Mr. So Ka Lung has worked as an art editor in a local newspaper and subsequently an art designer/director in a couple of design houses in Hong Kong. He holds a diploma in Design (Packaging/Advertising) from the Shatin Technical Institute (now known as "Hong Kong Institute of Vocational Education (Shatin)"). He joined the Group in April 2005.

Ms. Shum Tsz Ying, Vien, aged 35, Head of Translation of iOne FPL, is responsible for the general management and strategic development of the team. Ms. Shum Tsz Ying, Vien has over 10 years of experience in commercial, financial and legal translation. Prior to joining the Group, Ms. Shum Tsz Ying, Vien has worked as an editorial executive in a language consultant company and subsequently, a translator in a listed company in Hong Kong. Ms. Shum Tsz Ying, Vien obtained her Higher Diploma in Translation and Interpretation from the City University of Hong Kong in 1995 and a Diploma in Legal Studies from the University of Hong Kong School of Professional and Continuing Education in 2000. She joined the Group in June 2001.

Ms. Chan Che Ching, Ms. Lai Bo Kei and Mr. Lam Wing Hong, Jimmy have not been appointed as Directors because the Board considers that their respective shareholdings in the Company are not substantial and it will be more appropriate to employ them as senior management given their individual background and experience.

## **AUDIT COMMITTEE**

The Group established an audit committee on 25 June 2008 in compliance with Rules 3.21 and 3.23 of the Listing Rules. The audit committee consists of the three independent non-executive Directors, namely Messrs. Tsang Wing Yee, Leung Pak Keung and Tse Chi Ming. Ms. Tsang Wing Yee is the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and the internal control procedures of the Group.

## **REMUNERATION COMMITTEE**

The Group established a remuneration committee on 25 June 2008 in compliance with Appendix 14 of the Listing Rules. The remuneration committee consists of the three independent non-executive Directors, namely Messrs. Tsang Wing Yee, Leung Pak Keung and Tse Chi Ming. Mr. Leung Pak Keung is the chairman of the remuneration committee. The primary function of the remuneration committee is to make recommendations to the Board on the remuneration of the Directors and the senior management of the Group and determine on behalf of the Board specific remuneration packages and conditions of employment for the Directors and the senior management of the Group.

## **NOMINATION COMMITTEE**

The Group established a nomination committee pursuant to a resolution of the Directors passed on 25 June 2008. The nomination committee consists of the three independent non-executive Directors, namely Messrs. Tsang Wing Yee, Leung Pak Keung and Tse Chi Ming. Mr. Tse Chi Ming is the chairman of the nomination committee. The primary function of the nomination committee is to make recommendations to the Board regarding candidates to fill vacancies on the Board and the senior management of the Group.

## **DIRECTORS' COMPENSATION**

The aggregate amount of fees, salaries, housing allowances, other allowances and benefits-in-kind (including the contributions to the pension scheme for the Directors) or any bonuses paid by the Group to the Directors for each of the three financial years ended 31 December 2007 was approximately HK\$0.8 million, HK\$2.6 million and HK\$16.7 million, respectively.

According to the services agreements entered into between the Directors and the Company, the Directors will be entitled to a fixed salary per month and a discretionary management bonus at the end of each financial year. The Board will exercise its discretion to determine the amount of the management bonus with reference to the relevant Director's performance and the financial results of the Group as a whole and on individual basis. The basis and method of the calculation of such management bonus will be determined and recommended by the remuneration committee which will then be submitted to the Board for approval.

Save as disclosed above, no other payments had been paid, in respect of the three financial years ended 31 December 2007, by the Company or any of its subsidiaries to the Directors.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

The aggregate Directors' remuneration excluding bonus for the financial year ending 31 December 2008 is expected to be approximately HK\$3.7 million.

### STAFF

As at the Latest Practicable Date, the Group had over 170 full-time staff in Hong Kong. The following sets forth the total number of the staff by functions:

	Total number
Executive Directors	2
General administration	15
Sales and marketing	20
Finance and accounting	7
Production	
Design	12
Typesetting/proofreading	66
Translation	21
Printing/binding	2
Account Servicing	27
Others	2
	<hr/>
	174

### Relationship with the employees

To the best of knowledge of the Directors, the Group has not experienced any significant problems with the employees or disruptions to the operations due to labour disputes, nor has the Group experienced any difficulties in the recruitment and retention of experienced employees during the Track Record Period. The Group believes it has a good working relationship with the employees.

### Share Option Scheme

The Group has conditionally adopted the Share Option Scheme whereby such selected classes of participants (as more particularly described in Appendix V to this prospectus) may be granted options to subscribe for Shares at the discretion of the Board. The principal terms of the Share Option Scheme are summarised under the paragraph headed "Share Option Scheme" in Appendix V to this prospectus.

### Provident Fund

In addition to the Share Option Scheme, the Group also provides a mandatory provident fund scheme ("MPF Scheme") for the staff pursuant to the Mandatory Provident Fund Schemes Ordinance.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

Under the MPF Scheme, both the Group and its staff have to contribute an amount equal to 5% of the relevant income of the staff to the MPF Scheme, subject to a maximum level of the monthly relevant income of HK\$20,000. Relevant income includes wages, salary, leave pay, fee, commission, bonus, gratuity and allowance.

### COMPLIANCE ADVISOR

The Group will appoint SHK as its compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise the Group on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction under Chapter 14 or Chapter 14A of the Listing Rules, is contemplated including shares issues and shares repurchases;
- where the Group proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the Group's business activities or developments or results deviate from any forecast, estimate, or other information contained in this prospectus; and
- where the Stock Exchange makes an inquiry of the Group under Rule 13.10 of the Listing Rules in respect of the unusual movements in the price or trading volume of the Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which the Group complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

## SHARE CAPITAL

### SHARE CAPITAL

The following table is prepared on the basis that the Share Offer becomes unconditional. This table does not take into account Shares which may be issued upon exercise of the options that may be granted under the Share Option Scheme and/or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares granted to the Directors as referred to below.

HK\$

*Authorised share capital:*

<u>300,000,000</u> Shares	<u>3,000,000.00</u>
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*Shares in issue or to be issued, fully paid or credited as fully paid:*

30,000,000 Shares in issue	300,000.00
170,000,000 Shares to be issued under the Capitalisation Issue	1,700,000.00
<u>30,000,000</u> Shares to be issued pursuant to the Share Offer	<u>300,000.00</u>

*Total:*

<u>230,000,000</u> Shares	<u>2,300,000.00</u>
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### Ranking

The Offer Shares will rank *pari passu* in all respects with all other Shares in issue or to be allotted and issued as mentioned in this prospectus and will qualify in full for all dividends and other distributions declared, made or paid on the Shares after the date of this prospectus except in respect of the Capitalisation Issue.

### Share Option Scheme

The Company has conditionally adopted the Share Option Scheme on 25 June 2008. Under the Share Option Scheme, the eligible participants thereof, including the Directors, full-time employees of and advisers and consultants to the Group may be granted options which entitle them to subscribe for Shares, when aggregated with options granted under any other scheme(s), representing initially not more than 10% of the Shares in issue on the Listing Date. Further details of the principal terms of the Share Option Scheme are set out in the section headed "Statutory and General Information" in Appendix V to this prospectus.



## SHARE CAPITAL

### **General mandate given to the Directors to issue new Shares**

Subject to the Share Offer becoming unconditional, an unconditional general mandate has been granted to the Directors to allot, issue and deal with the Shares with a total nominal value of not more than the sum of:

1. 20% of the total nominal amount of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of options that may be granted under the Share Option Scheme); and
2. the total nominal amount of the Shares repurchased by the Company (if any, pursuant to the repurchase mandate as described below).

This general mandate does not apply to situations where the Directors allot, issue or deal with the Shares by way of rights issue, scrip dividend schemes or similar arrangements providing for the allotment and issue of the Shares in lieu of whole or part of any dividend in accordance with the Bye-laws, or pursuant to the exercise of any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares or pursuant to the Share Offer, the Capitalisation Issue or the Shares to be issued upon the exercise of options to be granted under the Share Option Scheme.

This general mandate will expire:

- at the conclusion of the Company's next annual general meeting;
- at the date by which the Company is required by any applicable laws or the Bye-laws to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

Particulars of this general mandate are set forth under the paragraph headed "Resolutions in writing of all Shareholders passed on 25 June 2008" in Appendix V to this prospectus.

## SHARE CAPITAL

### **General mandate given to the Directors to repurchase Shares**

Subject to the Share Offer becoming unconditional, an unconditional general mandate has been granted to the Directors to exercise all the powers of the Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal amount of the Shares in issue and to be issued immediately following completion of Share Offer and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of options that may be granted under the Share Option Scheme).

This general mandate only relates to repurchases made on the Main Board, or on any other stock exchange on which the Shares are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set forth under the paragraph headed “Repurchase by the Company of its own securities” in Appendix V to this prospectus.

This general mandate will expire:

- at the conclusion of the Company’s next annual general meeting; or
- at the date by which the Company is required by any applicable laws or the Bye-laws to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

Particulars of this general mandate are set forth under the paragraph headed “Resolutions in writing of all Shareholders passed on 25 June 2008” in Appendix V to this prospectus.

## CONNECTED TRANSACTIONS

### CONNECTED TRANSACTIONS

Upon Listing, the transactions set forth below will constitute continuing connected transactions for the Company under the Listing Rules.

### RELATIONSHIP BETWEEN THE GROUP AND SING KEE

Ms. Ng Wing Mee, Denise is an executive Director and the Chairman of the Company and therefore a connected person of the Company.

Mr. Ip Mo Leung, Gary (spouse of Ms. Ng Wing Mee, Denise) and Ms. Ng Wing Mee, Denise, through Gold Fortune Investments Limited (owned as to 50% by Mr. Ip Mo Leung, Gary and as to 50% owned by Ms. Ng Wing Mee, Denise), own approximately 60.89% shareholding interest in Brilliant Eagle, one of the Controlling Shareholders.

Sing Kee is owned by Mr. Yip Sing Lam (father-in-law of Ms. Ng Wing Mee, Denise), Mr. Ip Mo Leung, Gary, Mr. Ip See Yuen (brother-in-law of Ms. Ng Wing Mee, Denise) and Mr. Yip King Man (cousin-in-law of Ms. Ng Wing Mee, Denise) as to 51%, 24%, 24% and 1%, respectively. Therefore, Sing Kee is an associate of Ms. Ng Wing Mee, Denise and Brilliant Eagle and is therefore a connected person of the Company. Sing Kee is principally engaged in the provision of printing services and the Group is not the only customer of Sing Kee. Like other subcontractors, the Group engages Sing Kee on a job basis. To the best knowledge of the Directors, Sing Kee is a family business. Mr. Ip Mo Leung, Gary has no intention to inject Sing Kee into the Group. Also, the Directors confirmed, the Group did not and does not have any intention to acquire Sing Kee before and after the Listing. To the best of the knowledge of the Directors having made all reasonable inquiries, Sing Kee does not have any present intention to engage in the provision of financial printing services similar to that of the Group.

### Operational Independence

The Group has engaged Sing Kee for the provision of printing service since its incorporation, when Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary were not the shareholders of iOne FPL. The Group has engaged Sing Kee as subcontractors because it considers the printing services provided by Sing Kee are of high quality and reliable. Further details are set out in the sub-paragraph headed “Subcontracting arrangements” under the paragraph headed “Suppliers” in the section headed “Business” in this prospectus. A master subcontracting agreement has been entered into between the Company and Sing Kee which will take effect from the Listing Date.

The sales and marketing teams of the Group are responsible for the sourcing of customers for both existing and potential customers. The sales teams visit the existing customers from time to time in order to maintain close business relationship and handle pitching activities to potential customers. The members of the sales and marketing teams of the Group are led by Ms. Chan Che Ching and Ms. Chan Yi Mei, Amy who are experienced in the sales and marketing in the financial printing industry. The Directors believe that the Group has been seeking customers independently.

The Group’s daily operation and its production (including support function) capacity are independent from Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary. None of the Group’s production or operation capacity has been shared with them. With the experienced management team and internal control policies in place, the Group believes that it is able to operate its production, operation and other functions independently from them.

## CONNECTED TRANSACTIONS

The Group is able to engage other subcontractors for the provision of similar printing services. Over the Track Record Period, the Group has engaged around 10 subcontractors other than Sing Kee for the provision of printing services. When determining which subcontractor is to be appointed for a particular project, the Group will evaluate the job requirements against each of the selected individual subcontractor in terms of the offer price, delivery time etc, and select the one which meets the best criteria. The Group believes that it is able to easily replace Sing Kee with other subcontractors if the Group considers the quality of services provided by Sing Kee is unsatisfactory or its subcontracting fee is not competitive. The Group believes that the senior management is capable of sourcing subcontractors for the Group with its expertise without the influence from Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary.

For the financial year ended 31 December 2007, the total subcontracting fee paid or payable by the Group to the five largest subcontractors and the largest subcontractors were HK\$67.4 million and HK\$24.3 million, accounting for approximately 80.6% and 29.1% of the total subcontracting fee incurred during the period, respectively. The Group expects the subcontracting fee paid to Sing Kee will be at similar level of percentage to the total subcontracting fee. The largest subcontractor is Sing Kee and the remaining four largest subcontractors are all Independent Third Parties.

Furthermore, the quality and timeliness of services delivered by the subcontractors have been monitored by the staff in the printing/binding department together with the sales and marketing department of the Group.

### **Management Independence**

The Board currently comprises two executive Directors and three independent non-executive Directors. None of the Directors holds any shareholding, directorship or senior management position in Sing Kee. The Directors believe that Ms. Ng Wing Mee, Denise, the executive Director and the Chairman of the Company, has the capacity to commit to the management of the Group and to discharge her fiduciary duties as a Director. As the Directors believe that the Group will not face any competition, directly or indirectly, from Sing Kee, Ms. Ng Wing Mee, Denise is unlikely to encounter conflict of interest issues in the course of carrying out her duties as a Director. In case of any conflict of interests, Ms. Ng Wing Mee, Denise will abstain from attending and voting on the proposed resolution at the relevant Board and Shareholders meetings.

Although Mr. Ip Mo Leung, Gary is one of the Shareholders who also has interest in Sing Kee, he does not hold any directorship or senior management position in the Group. In case of any conflict of interests, Mr. Ip Mo Leung, Gary will abstain from attending and voting on the proposed resolution at the relevant Shareholders meeting.

In respect of the subcontracting arrangement of printing work, the Group has implemented an internal policy on the selection of subcontractors to ensure that the most suitable subcontractor will be chosen for a particular printing job. The management team is required to follow strictly the internal selection policy and obtain at least two quotations from different subcontractors for each printing job, each of which will be weighted against their offer prices, the time required for completion, the quality of works and reliability of services etc. These factors will be compared and considered as the selection criterion. If any of the subcontracting cost amounts to more than HK\$5 million, a written approval from Ms. Chiu Hok Yu, an executive Director and the Managing Director, will be required. The Directors have confirmed that Ms. Ng Wing Mee, Denise has not been involved in the selection process due to her relationship with Sing Kee and it is expected that this practice will continue after the Listing.

## CONNECTED TRANSACTIONS

The daily operation of the Group is managed by the senior management team and none of them holds any senior managerial position or directorship in Sing Kee. Both Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary do not have any involvement in the selection of subcontractors for providing printing services to the Group.

### **Financial Independence**

As at the date of this prospectus, the Group does not have any outstanding loans or guarantees granted by Sing Kee, Ms. Ng Wing Mee, Denise or Mr. Ip Mo Leung, Gary to support its business operation and the Group has not relied on them on the financial aspects. The Board considers that the business carried out between the Group and Sing Kee are normal business activities and no better financial terms or other preferences have been granted by the Group to Sing Kee or vice versa. The amounts due to Sing Kee as at 31 December 2007 have been fully settled before the Latest Practicable Date. The Directors believe that the Group is capable of obtaining finance from third parties without reliance on Sing Kee, Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary, and has sufficient capital to operate the business independently and adequate internal resources to support daily operations. Further details are set out in the sub-paragraph headed “Working capital and cash flow management” under the paragraph headed “Liquidity, financial resources and capital structure” in the section headed “Financial information” in this prospectus.

In view of the above, the Group has no financial reliance on Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary or any companies which are owned by them.

Under the Listing Rules, for so long as Sing Kee remains as a connected person of the Company, the following transactions between Sing Kee and the Group will constitute continuing connected transactions upon the Listing.

As part of the internal control procedures of the Group, both Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary will not have any involvement in the selection of subcontractors for providing printing services. Furthermore, the financial controller of the Group will review and approve the selection of subcontractors to avoid the influence or involvement of Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary. The audit committee of the Company will perform an annual review on this process.

### **Continuing connected transactions**

The Group does not own any printing facilities to carry out the printing works and the Group subcontracts the printing works to printing factories, including Sing Kee, on a job basis.

During the Track Record Period, the aggregate subcontracting fee between the Group and Sing Kee amounted to approximately HK\$5.6 million (from July to December 2005 as Sing Kee became a connected person of the Company since July 2005), HK\$13.3 million and HK\$24.3 million, respectively.

A master subcontracting agreement has been entered into between the Company and Sing Kee for an initial period commencing from the Listing Date and ending on 31 December 2010. The subcontracting fees will be determined at the prevailing market prices and terms on a job basis. The Group intends to pay Sing Kee for the subcontracting services at prices no more favourable than those applicable to the same type and quality of subcontracting services for comparable quantity from Independent Third Parties.

## CONNECTED TRANSACTIONS

It is expected that the aggregate subcontracting fee charged by Sing Kee to the Group for each of the three financial years ending 31 December 2010 will be about 30% of total subcontracting amount. Due to the rise of paper cost and upsurge in the oil prices, the total subcontracting fee will be increased by approximately 18% from about HK\$80 million in 2007 to approximately HK\$95 million in 2008. Accordingly, the annual cap of 2008 is set at HK\$28 million. For each of the two financial years ending 31 December 2009 and 2010, an annual growth rate of 10% is applied because of expectation of the improvement in economic environment during the period. The annual caps for these two financial years ending 31 December 2009 and 2010 are accordingly set at HK\$31 million and HK\$34 million respectively.

### **Waiver from the Stock Exchange**

The Directors (including the independent non-executive Directors) consider that the continuing connected transactions above have been and will be entered into in the ordinary and usual course of business, conducted on arm's length basis and on normal commercial terms, and the annual caps are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Under the Listing Rules, these continuing connected transactions will become non-exempted continuing connected transactions under Rule 14A.35 of the Listing Rules and will be subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules since the Listing Date.

As these non-exempt continuing connected transactions are expected to continue on a recurring basis, the Directors consider that it is not practicable to comply with the announcement and the independent Shareholders' approval on each occasion whenever such transaction arises. Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the announcement and independent Shareholders' approval requirements under Rule 14A.42(3) of the Listing Rules; and the Stock Exchange has granted the Company such a waiver from compliance with these requirements in relation to these transactions.

The Directors (including independent non-executive Directors) consider that the subcontracting services provided by Sing Kee are in the ordinary and usual course of business of the Group and on normal commercial terms that are fair and reasonable and is in the interests of the Group and the Shareholders as a whole.

### **Confirmation from the Sponsors**

The Sponsors are of the view that (i) the continuing connected transactions for which waiver is sought have been entered into in the ordinary and usual course of business of the Group, conducted on arm's length basis and on normal commercial terms, are fair and reasonable and in the interests of the Group and the Shareholders as a whole; and (ii) that the proposed annual caps for the continuing connected transactions are fair and reasonable.

## INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, immediately following completion of the Share Offer and the Capitalisation Issue (but without taking into account of any Shares which may be taken up under the Share Offer or any Shares which may be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange 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 the Company and the other members of the Group:

Name	Capacity	Number of Shares	Approximate percentage of interested Shares to the issued share capital of the Company
Brilliant Eagle ( <i>Note 1</i> )	Beneficial owner	122,400,000	53.22%
Ms. Ng Wing Mee, Denise ( <i>Note 1</i> )	Controlled corporation	122,400,000	53.22%
Mr. Ip Mo Leung, Gary ( <i>Note 1</i> )	Controlled corporation	122,400,000	53.22%
Ms. Yeung Wing Yan, Wendy ( <i>Note 2</i> )	Controlled corporation	20,400,000	8.87%
Mr. Tsang Link Carl, Brian ( <i>Note 2</i> )	Controlled corporation	20,400,000	8.87%
Mr. Yih Lai Tak, Dieter ( <i>Note 2</i> )	Controlled corporation	20,400,000	8.87%
Goldfish Ventures Limited ( <i>Note 2</i> )	Beneficial owner	20,400,000	8.87%
Ms. Kong Yee Ching, Ellen ( <i>Note 3</i> )	Controlled corporation	13,600,000	5.91%

## INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

*Notes:*

1. 122,400,000 Shares will be directly held by Brilliant Eagle upon completion of the Share Offer and the Capitalisation Issue. As Brilliant Eagle's entire issued share capital is held as to approximately 60.89% by Gold Fortune Investment Limited, whose entire issued share capital is in turn held as to 50% by Ms. Ng Wing Mee, Denise and 50% by Mr. Ip Mo Leung, Gary, each of Ms. Ng Wing Mee, Denise and Mr. Ip Mo Leung, Gary will be deemed to have interests in the 122,400,000 Shares held by Brilliant Eagle under Part XV of the SFO.
2. 20,400,000 Shares will be directly held by Goldfish Ventures Limited upon completion of the Share Offer and the Capitalisation Issue. As each of Ms. Yeung Wing Yan, Wendy, Mr. Tsang Link Carl, Brian and Mr. Yih Lai Tak, Dieter is holding one-third of the entire issued share capital of Goldfish Ventures Limited, each of such persons will be deemed to have interests in the 20,400,000 Shares held by Goldfish Ventures Limited under Part XV of the SFO.
3. 6,800,000 Shares will be directly held by Eternal Fortune Management Limited and 6,800,000 Shares will be directly held by Twin Luck Worldwide Holdings Ltd. upon completion of the Share Offer and the Capitalisation Issue. As the entire issued share capital of Eternal Fortune Management Limited and Twin Luck Worldwide Holdings Ltd. is solely held by Ms. Kong Yee Ching, Ellen, she is deemed to have interests in the 13,600,000 Shares held by Eternal Fortune Management Limited and Twin Luck Worldwide Holdings Ltd.

Further details of interests and short position (if any) of the Directors and chief executive of the Company in the Shares are set out in the paragraph headed "Further information about the Directors, management and staff" in Appendix V to this prospectus.



<b>FINANCIAL INFORMATION</b>
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**INDEBTEDNESS****Borrowings**

As at 30 April 2008, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining information contained in this indebtedness statement, the Group had no outstanding borrowings.

**Securities**

As at 30 April 2008, the Group had total available banking facilities of approximately HK\$0.2 million which were secured by a bank deposit in an amount of no less than HK\$0.2 million. It is a guarantee requested by a supplier for advertising work. The full amount of total banking facilities of approximately HK\$0.2 million had been fully utilised as at 30 April 2008.

**Contingent liabilities**

As at 30 April 2008, the Group had no significant contingent liabilities.

**Disclaimer**

Save as disclosed under the paragraph headed “Securities” above, and apart from any intra-group liabilities, the Group did not, as at the close of business on 30 April 2008, have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, loans, or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptances, acceptance credits or any guarantees or other material contingent liabilities. The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities since 30 April 2008, being the latest practicable date for the purposes of this indebtedness statement prior to the printing of this prospectus.

**CAPITAL COMMITMENT**

As at 30 April 2008, the Group had capital commitments for property, plant and equipment of approximately HK\$1.0 million.

**DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES**

The Directors have confirmed that as at the Latest Practicable Date, the Group was not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## **CRITICAL ACCOUNTING POLICIES**

The discussion and analysis of the Group's financial position and results of operations are based on the combined financial statements prepared in accordance with the principal accounting policies as set out in the section headed "3. Principal accounting policies" in Appendix I — "Accountants' report".

The Group's management has made the following judgements that have the most significant effect on the amounts recognised in the Group's combined financial information.

### **Useful lives of property, plant and equipment**

The Group's 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 plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation and keen competition from competitors. The Group's management will increase the depreciation charge where residual value or useful lives are less than previously estimated, or it will write-off or write-down technically obsolete assets.

### **Estimated impairment of trade and other receivables**

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit history of the customers and the current market condition. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The Group's management reassesses the adequacy of impairment on a regular basis. Where the actual cash flows are less than expected, a material impairment loss may arise.

## **PRINCIPAL INCOME STATEMENT COMPONENTS**

### **Turnover**

The Group's turnover represents services rendered for the financial printing services. Most of the Group's customers are companies listed on the Stock Exchange and corporate communication and investor relations companies. All of the Group's turnover during the Track Record Period was generated from services provided in Hong Kong.

## FINANCIAL INFORMATION

The following table shows the breakdown of the Group's turnover for the years ended 31 December 2005, 2006 and 2007.

	Year ended 31 December					
	2005		2006		2007	
	HK\$'000	% of total turnover	HK\$'000	% of total turnover	HK\$'000	% of total turnover
Printing services						
– IPOs	10,962	9.4%	34,580	17.4%	142,107	38.4%
– Circulars	13,036	11.1%	25,842	13.0%	35,585	9.6%
– Financial reports	25,032	21.4%	36,732	18.4%	65,166	17.6%
– Others ( <i>Note</i> )	962	0.8%	2,656	1.3%	2,241	0.6%
	<u>49,992</u>	<u>42.7%</u>	<u>99,810</u>	<u>50.1%</u>	<u>245,099</u>	<u>66.2%</u>
Advertising	52,621	45.0%	80,992	40.7%	95,657	25.9%
Translations	<u>14,334</u>	<u>12.3%</u>	<u>18,285</u>	<u>9.2%</u>	<u>29,308</u>	<u>7.9%</u>
	<u>116,947</u>	<u>100.00%</u>	<u>199,087</u>	<u>100.00%</u>	<u>370,064</u>	<u>100.00%</u>

*Note:* Others include leaflet, tombstone and vouchers etc.

### Cost of services provided

Cost of services provided represents the printing fee, advertisement cost, direct labour cost and other overhead expenses. The major cost components for the Group are printing fee and advertisement cost.

During the Track Record Period, the major cost component for the Group is advertisement fee, representing approximately 52.7%, 52.2% and 34.2% respectively, of its production cost. During the same period, printing cost also accounted for a significant amount of the Group's cost, representing approximately 24.5%, 29.3% and 39.6% respectively, of its production cost.

### Other income and gains

Other income and gains is mainly related to interest income.

### Selling and distribution expenses

The Group's selling expenses consist primarily of sales and marketing staff salaries, commissions and benefit, advertising and promotion expenses and sundry expenses.

As described in the sub-paragraph headed "Subcontracting arrangement" under the paragraph headed "Suppliers" in the section headed "Business" in this prospectus, the Group does not own any printing facilities to carry out its printing works and the Group subcontracts its printing works to printing factories on a job basis. Accordingly, the printing factories will

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arrange the delivery of the printed documents at their own cost. Accordingly, the Group's selling and distribution expenses largely depend on its costs incurred in conducting marketing activities and soliciting new customers. Commissions being a variable staff cost and is the major component of selling and distribution expenses.

### Administrative expenses

The Group's administrative expenses consist primarily of rental expenses, utilities expenses and depreciation of property, plant and equipment and staff costs (including directors' emoluments).

### Income tax expenses

Hong Kong profits tax is calculated at domestic income tax rate of 17.5% of the estimated assessable profit for the Track Record Period.

## TRADING RECORD

The table below summarises the audited combined results of the Group during the Track Record Period. The summary is extracted from and should be read in conjunction with the accountants' report as set out in Appendix I to this prospectus.

	Year ended 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Turnover	116,947	199,087	370,064
Cost of services provided	(74,691)	(113,496)	(179,338)
Gross Profit	42,256	85,591	190,726
Other income and gains	960	1,432	3,164
Selling and distribution expenses	(4,601)	(17,222)	(27,594)
Administrative expenses	(8,746)	(12,549)	(56,679)
Profit before income tax expense	29,869	57,252	109,617
Income tax expense	(5,430)	(9,154)	(20,171)
Profit for the year	<u>24,439</u>	<u>48,098</u>	<u>89,446</u>
Profit attributable to:			
Equity holders of the Company	24,439	48,098	87,359
Minority interests	–	–	2,087
	<u>24,439</u>	<u>48,098</u>	<u>89,446</u>
Dividends	<u>18,000</u>	<u>37,254</u>	<u>80,206</u>
Earnings per share			
– basic (HK\$)	<u>0.12</u>	<u>0.24</u>	<u>0.44</u>

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### MANAGEMENT DISCUSSION AND ANALYSIS

You should read the following discussion and analysis in conjunction with the Group's audited combined financial information as at and for each of the three financial years ended 31 December 2007 and the accompanying notes thereto, the text of which is set forth in the accountants' report as set out in Appendix I to this prospectus.

#### Overview

The Group is principally engaged in the provision of financial printing services for the financial sector in Hong Kong. The Group provides a range of integrated services to its customers ranging from typesetting, translation, design, printing to delivery, within which, print run production and part of the translation process are subcontracted to a panel of subcontractors for higher efficiency and capital saving purpose. This business model is activity-oriented which aims to develop and enhance the Group's existing core businesses with minimal deviation and diversification from the key aspects of the model. The Group has no intention to change its business model after Listing. The Group believes that its resources should be allocated mainly to the direct services such as typesetting and translation provided by it to its customers.

For the three financial years ended 31 December 2007, the Group's turnover was approximately HK\$116.9 million, HK\$199.1 million and HK\$370.1 million respectively, representing a growth of approximately 70.3% and 85.9% in 2006 and 2007 respectively, and the Group's profit after taxation for such period was approximately HK\$24.4 million, HK\$48.1 million and HK\$89.4 million respectively, representing a growth of approximately 97.1% and 85.9% in 2006 and 2007 respectively.

The Group began its business in 2000 and since then, it has established its customer base with over 380 customers as at 31 December 2007, majority of which are companies listed on the Stock Exchange and corporate communication and investor relations companies.

#### *Basis of presentation of financial information*

The Financial Information has been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The Financial Information includes the financial position, results and cash flows of the companies comprising the Group as if the current group structure had been in existence since 1 January 2005, or since their respective dates of incorporation.

In applying the principles of merger accounting for corporate reorganisation under common control, the financial statements of Miracle View Group Ltd and its subsidiaries are included in the Financial Information as they are under the common control of the shareholders of Brilliant Eagle. For the purpose of preparation of the combined financial statements of the Group, a written confirmation has been issued by all existing shareholders of Brilliant Eagle to the management of the Company to confirm that all the financial and business decisions of Brilliant Eagle were (and still are) made by the shareholders jointly. No accounting adjustment to the net assets nor net results of these companies was required to achieve consistency with the Group's accounting policies.

All intra-group transactions, cash flows and balances have been eliminated on combination.

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### Factors affecting the Group's operations

The Group's results of operation and its financial condition have been and will continue to be affected by a number of factors, including those set out below.

#### *IPOs market in Hong Kong*

The Group provides its financial printing services to companies which are seeking listing on the Stock Exchange. Therefore, the IPOs market in Hong Kong has a direct impact on the level of demand for the Group's services.

The following table summarizes the IPO statistics for the Track Record Period.

Year ended	Total number of IPOs	Total funds raising from IPOs <i>HK\$ billion</i>
31 December 2005	67	166
31 December 2006	62	334
31 December 2007	84	292

*Source: Website of the Hong Kong Exchanges and Clearing Limited*

As noted from the above table, the number of IPOs increased from 67 in 2005 to 84 in 2007 whereas the total fund raising from IPOs increased from approximately HK\$166 billion in 2005 to approximately HK\$292 billion in 2007.

For each of the three financial years ended 31 December 2007, the Group provided its financial printing services to 10, 8 and 18, respectively, completed IPOs transactions.

As shown in the above statistics in particular the high level of subscription times for IPOs over the past few years, at the time of IPO and in some cases, demand for the number of prospectus and ancillary forms by public exceeded the number of copies originally planned. As a result, the Group's customers and/or its advisers would request it to print additional copies to fulfill the additional demand, which in turn, would increase the Group's revenue.

Accordingly, the Group's results of operation will continue to be affected by its ability to capture new clients seeking for IPOs as well as the performance of the IPOs market in Hong Kong.

#### *Competition*

The financial printing services industry is highly competitive in Hong Kong. Based on the Directors' knowledge and experience in the financial printing services, most of the legal compliance documents, including financial reports, announcements and circulars, issued by the companies listed on the Stock Exchange are handled by a few companies specialised in financial printing services in Hong Kong.

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During the Track Record Period, revenue derived from the companies listed on the Stock Exchange as the Group's principal customers on average accounted for over 90% of the total turnover generated by the Group. As at 31 December 2007, there were 1,241 companies listed on the Stock Exchange and the Group had conducted business transactions with over 300 listed companies in the past. The Group's financial condition and results of operations will be affected by its ability to remain competitive.

In addition, the Group also competes with other printers in Hong Kong which offer similar services for IPOs related printing job.

### *Changes in the mechanism for the dissemination of information by listed companies under the Listing Rules*

Majority of the Group's customers which are companies listed on the Stock Exchange are obliged to comply with the disclosure requirements under the Listing Rules.

The mechanism for the dissemination of information by listed companies under the Listing Rules may change in a way that affect the Group's operation, for instance, the abolishment of paid announcements.

Accordingly, any new changes to the relevant disclosure requirements under the Listing Rules which reduces the number of printed documents required for the Group's customers may in turn affect the Group's revenue.

### *Future prospects*

The Group may be adversely affected by the slow down in the economy or a downturn in stock market and/or corporate activities. Due to the downturn of the economy, the number of the IPOs successfully listed on the Stock Exchange for the five months ended 31 May 2008 was 15 compared to 24 in the corresponding period in 2007. According to the unaudited management accounts of the Group for the four months ended 30 April 2008, the total revenue recorded for the four months ended 30 April 2008 amounted to approximately HK\$102.4 million, which represented a decrease of about 8% when compared with the revenue recorded for the corresponding period of 2007.

The Group may be adversely affected by the amendments to the existing laws and regulations governing the companies listed on the Stock Exchange. The shares of the revenue derived from paid announcements of the Main Board and the GEM Board issuers was 45.0%, 40.7% and 25.9% respectively of the Group's total revenue during the Track Record Period. In light of the amendments to the Listing Rules set out in the paragraph headed "Loss of revenue resulting from the future abolishment of mandatory requirement for listed companies to publish paid announcements in newspapers" under the section headed "Risk factors" in this prospectus, all Main Board issuers are no longer required to publish paid announcements in newspapers after 24 June 2008. Accordingly, the Directors believe that the Group's revenue generated from paid announcements will be adversely affected. However, the income from printing related services and translation operation have been maintained due to the demand for printing of related documents, such as financial reports which is attributable to the growth of the number of listed companies. The Directors believe that the future revenue will be mainly driven by the continuation of the provision of the printing and translation related services of the Group.

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### *Expenses levels*

One of the major portions of the Group's operating expenses comprises commission for its sales personnel. For each of the three financial years ended 31 December 2007, the Group provided for the payment of aggregate variable commissions amounted to approximately HK\$0.5 million, HK\$7.4 million and HK\$10.4 million, respectively, representing approximately 10.9%, 43.0%, and 37.7%, respectively, of the Group's total selling and distribution expenses.

Rental expenses also represented one of the major portions of the Group's administrative expenses. For each of the three financial years ended 31 December 2007, rental expenses for office premises amounted to approximately HK\$2.4 million, HK\$2.8 million and HK\$6.3 million, respectively, representing approximately 27.6%, 22.4%, and 11.1%, respectively, of the Group's total administrative expenses.

The effective tax rate over the Track Record Period were approximately 18.1%, 16.1% and 18.4% respectively which is similar to the domestic income tax rate of 17.5%. The effective tax rate for the financial year ended 31 December 2005 of approximately 18.1% was higher than the domestic income tax rate of 17.5% due to the tax effect of tax loss not recognised of approximately HK\$0.2 million. The effective tax rate decreased to 16.1% in the financial year ended 31 December 2006 was mainly due to the HK\$0.2 million tax effect of bank interest income which was not subject to tax, the tax effect of temporary difference not recognised of approximately HK\$0.5 million and utilisation of tax loss of approximately HK\$0.2 million. The effective tax rate increased to approximately 18.4% in the financial year ended 31 December 2007 due to the tax effect of non-deductible legal and professional fee (amounting to approximately HK\$2.3 million) and share-based compensation expense (amounting to approximately HK\$5 million) of approximately HK\$1.4 million.

### **For the financial year ended 31 December 2007**

#### *Turnover*

For the financial year ended 31 December 2007, the Group recorded a turnover of approximately HK\$370.1 million, representing a substantial increase of approximately 85.9% over the financial year ended 31 December 2006. The growth in turnover was mainly attributable to the increase in sales due to the IPOs related printing activities. As set out in the paragraph headed "IPOs market in Hong Kong" in this section above, the increase in the number of IPOs on the Main Board and the GEM Board has also attributed to the increase in turnover.

#### *Cost of services provided*

Cost of services provided of the Group increased by about 58.0% from approximately HK\$113.5 million for the financial year ended 31 December 2006 to approximately HK\$179.3 million for the financial year ended 31 December 2007 which was lower than the increase in sales over the same period due to cost savings resulting from bargaining power with the suppliers in view of the increasing production in the same year.

#### *Gross profit and gross profit margin*

Gross profit for the financial year ended 31 December 2007 was approximately HK\$190.7 million, representing a gross profit margin of approximately 51.5% against the gross profit margin of about 43.0% for the financial year ended 31 December 2006. The Group's gross profit margin for the year increased as a result of an increase in turnover and the cost savings mentioned above.



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### *Selling and distribution expenses*

The Group's selling and distribution expenses amounted to about HK\$27.6 million or 7.5% of the turnover for the financial year ended 31 December 2007, against about HK\$17.2 million or 8.6% of the turnover for the financial year ended 31 December 2006. The increase was mainly attributable to increase in sales and marketing staff salaries and sales commissions for the financial year ended 31 December 2007 which was consistent with the increase in sales over the same period.

### *Administration expenses*

For the financial year ended 31 December 2007, the Group's administration expenses were approximately HK\$56.7 million which mainly comprised rental expenses for office premises (11.1%), share-based compensation expense (8.8%), utility expenses (1.1%), depreciation of property, plant and equipment (2.6%) and administrative staff costs (58.4%) against about HK\$12.5 million for the financial year ended 31 December 2006, representing an increase of 353.6%. The increase in the Group's administration expenses was mainly attributable to the expansion of organisation scale and increase in number of staff in response to rise in business turnover.

### *Income tax expenses*

The Group's income tax expenses amounted to about HK\$20.2 million for the financial year ended 31 December 2007, representing an increase of about 119.6% for the financial year ended 31 December 2006. Such increase was in line with the increase in the Group's profit before income tax expense for the financial year ended 31 December 2007.

The significant increase in the amount for "tax effect of expenses not deductible for tax purpose" for the Group for the financial year ended 31 December 2007 is mainly due to the tax effect of the legal and professional fee (amounting to approximately HK\$2.3 million) and share-based compensation expense (amounting to approximately HK\$5 million) of approximately HK\$1.4 million.

### *Profit for the year and net profit margin*

As a result of the factors discussed above, the Group's profit increased by approximately 85.9% from approximately HK\$48.1 million for the financial year ended 31 December 2006 to approximately HK\$89.4 million for the financial year ended 31 December 2007 while the net profit margin stayed at the level of approximately 24.2% in 2006 and 2007.

### **For the financial year ended 31 December 2006**

#### *Turnover*

The Group's turnover increased by approximately 70.3% from about HK\$116.9 million for the financial year ended 31 December 2005 to HK\$199.1 million for the financial year ended 31 December 2006. The substantial increase in turnover during the year was mainly attributable to the combination of (i) the increase in printing jobs related to IPOs; and (ii) the enlarged customer base captured by the full year operation of iOne (Regional) FPL.

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### *Cost of services provided*

Cost of services provided also increased by approximately 51.9% from about HK\$74.7 million for the financial year ended 31 December 2005 to about HK\$113.5 million for the financial year ended 31 December 2006 which was driven by the additional cost for the full year operations of iOne (Regional) FPL. The increase in cost of services provided was lower than the increase in turnover for the financial year ended 31 December 2006 due to the cost savings resulting from bargaining power with the suppliers in view of the increasing production in that year.

### *Gross profit and gross profit margin*

The Group's gross profit for the financial year ended 31 December 2006 was approximately HK\$85.6 million, representing a gross profit margin of approximately 43.0%, against the gross profit margin of about 36.2% for the financial year ended 31 December 2005. The increase was primarily attributable to the cost savings mentioned above.

### *Selling and distribution expenses*

The Group's selling and distribution expenses amounted to about HK\$17.2 million or 8.6% of the turnover for the financial year ended 31 December 2006, against about HK\$4.6 million or 3.9% of the turnover for the financial year ended 31 December 2005. The significant increase was mainly due to the increase of sales commission, salaries and allowance resulting from the introduction of individual sales bonus scheme in 2006 and the fact that a full year's sales commission, salaries and allowance from iOne (Regional) FPL were reflected in 2006 which were in line by the corresponding increase in the Group's turnover.

### *Administrative expenses*

For the financial year ended 31 December 2006, the Group's administrative expenses were approximately HK\$12.5 million which mainly comprised rental expenses for office premises (22.4%), utility expenses (2.4%), depreciation of property, plant and equipment (8.0%) and administrative staff costs (42.4%) against about HK\$8.7 million for the financial year ended 31 December 2005, representing an increase of about 43.7%. The increase in the Group's administrative expenses was mainly attributable to the rise in rental expenses, administrative staff costs and performance related bonus.

### *Income tax expenses*

The Group's income tax expense increased by approximately 70.4% from about HK\$5.4 million for the financial year ended 31 December 2005 to about HK\$9.2 million for the financial year ended 31 December 2006. Such increase was in line with the increase in the Group's profit before income tax expense during the financial year ended 31 December 2006.

### *Profit for the year and net profit margin*

As a result of the foregoing factors, the Group's profit increased by approximately 97.1% from approximately HK\$24.4 million for the financial year ended 31 December 2005 to approximately HK\$48.1 million for the financial year ended 31 December 2006 while the net profit margin increased from approximately 20.9% in 2005 to approximately 24.2% in 2006.

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### For the financial year ended 31 December 2005

#### *Turnover*

The Group's turnover was approximately HK\$116.9 million for the financial year ended 31 December 2005.

#### *Cost of services provided*

The Group's cost of services provided was about HK\$74.7 million consisted mainly of the cost of printing, advertisement cost and direct labour cost.

#### *Gross profit and gross profit margin*

The Group's gross profit was approximately HK\$42.3 million for the financial year ended 31 December 2005, representing a gross profit margin of about 36.2%.

#### *Selling and distribution expenses*

The Group's selling and distribution expenses amounted to approximately HK\$4.6 million, representing about 3.9% of the turnover for the financial year ended 31 December 2005.

#### *Administrative expenses*

For the financial year ended 31 December 2005, the Group's administrative expenses were approximately HK\$8.7 million comprised mainly rental expenses, utility expenses, depreciation of property, plant and equipment and administrative staff costs, representing approximately 7.4% of the turnover.

#### *Income tax expenses*

The Group's income tax expense amounted to approximately HK\$5.4 million for the year.

#### *Profit for the year and net profit margin*

For the financial year ended 31 December 2005, the Group's profit was approximately HK\$24.4 million and the net profit margin was approximately 20.9%.

### CERTAIN BALANCE SHEET ITEMS

#### **Trade receivables**

The Group had trade receivables of about HK\$24.9 million, HK\$71.6 million and HK\$71.9 million, respectively, as of 31 December 2005, 2006 and 2007. The trade receivables mainly arose from the provision of financial printing services. The customers were generally granted credit terms of not more than 30 days and the balances were mainly settled either by cheques or by direct remittances to the Group's bank during the Track Record Period.

The Group assessed, among other things, the recoverability of the balances based on historical payments by the customers as well as their financial positions and considered no provision for doubtful debts was necessary.

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During the Track Record Period, the debtors' turnover days (average trade receivables divided by revenue and multiplied by 365 days) were 62, 88 and 71 days respectively. The significant increase during the financial year ended 31 December 2006 was mainly due to the upsurge in IPO projects conducted in December 2006, which subsequently boost the turnover and the trade receivables balances of approximately HK\$61 million recognised in December 2006. The average debtors' turnover days decreased from 88 days in 2006 to 71 days in 2007, which was mainly attributable to the significant effort of both finance and accounting team and sales and marketing team in debt chasing since 2007.

The debtors' turnover days during the Track Record Period were longer than the average credit terms of not more than 30 days granted to the customers because some of the customers exhibited a slower payment pattern as they normally settled the bills in accordance with their own settlement policies instead of the credit period granted.

As of 31 December 2005, 2006 and 2007, the Group had outstanding trade receivable balances over 90 days past due of approximately HK\$3.7 million, HK\$8.0 million and HK\$9.7 million, respectively. Up to 30 April 2008, approximately HK\$63.6 million of the trade receivable balances as at 31 December 2007 had been subsequently settled. Further details of settlement are set out in the sub-paragraph headed "Subsequent settlement" under this paragraph below.

### **Other receivables, deposits and prepayments**

The Group's other receivables, deposits and prepayments increased from about HK\$2.5 million in 2005 to about HK\$4.3 million in 2006 and then increased to about HK\$6.9 million in 2007. The increase from 2005 to 2006 was primarily due to the increase in rental and utility deposits for the expansion of the Group by about HK\$1.4 million from about HK\$1.9 million in 2005 to about HK\$3.3 million in 2006. The increase from 2006 to 2007 was primarily attributable to the rebate receivable from newspapers for placing advertisements in 2007 for about HK\$1.4 million while rebate for 2006 had been fully settled before 31 December 2006, and the prepaid expense of legal and professional fee paid in relation to the IPOs by about HK\$0.6 million.

### **Trade receivables provisioning**

Impairment loss on trade and other receivables are recognised in income statement and directly reduce the carrying amount of the financial asset when there is objective evidence that the asset is impaired. Objective evidence of impairment includes significant financial difficulties of the debtors, a breach of contract, probability that the debtors will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the financial asset's effective interest rate computed at initial recognition. Subsequent recoveries of amounts previously impaired are credited to the income statement, subject to the restriction that the carrying amount of the asset at the date the impairment which is to be reversed does not exceed the amortised cost had such impairment not been recognised.

No provisions for bad and doubtful debts were made during the Track Record Period.

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### Trade payables

The Group had trade payables of about HK\$13.3 million, HK\$27.5 million and HK\$9.0 million, respectively, as of 31 December 2005, 2006 and 2007. The Group does not have uniform settlement with suppliers and subcontractors. It may be normally either 30-day or 60-day. The increase in the balance from 2005 to 2006 was mainly due to the significant increase in cost of services provided by about 51.9% and the Group did not make prompt payment to its suppliers and subcontractors. The sharp decrease in 2007 from 2006 was due to the significant shortening of payment to suppliers and subcontractors in light of the significant increase in cash position.

During the Track Record Period, the creditors' turnover days (average trade payables divided by cost of services provided multiplied by 365 days) were 65, 66 and 37 days respectively. For the two financial years ended 31 December 2005 and 2006, the creditors' turnover days remained stable. However, creditors' turnover days significantly decreased because the Group settled the debts more quickly during 2007 so as to maintain good relationship with its suppliers. The Group normally received payment terms of 30 days to 60 days from its suppliers and settlement of the trade payables was mainly by cheques.

### Other payables and accruals

Other payables and accruals increased from about HK\$4.8 million in 2005 to about HK\$14.4 million in 2006 and further increased to about HK\$46.3 million in 2007. Such increase was mainly due to the increase in accrued salaries, bonuses, staff benefits and sales commission. During the Track Record Period, the average number of staff of the Group increased from 78 in 2005 to 158 in 2007 while the bonuses, staff benefits and sales commission were calculated based on the turnover level.

### Subsequent settlement

Aging analysis of trade receivables as at 31 December 2007 with subsequent settlement up to 30 April 2008 is as follows:

	As at 31 December 2007 HK\$'000	Subsequent settlement up to 30 April 2008 HK\$'000	Unsettled amount HK\$'000
Current – neither past due nor impaired	34,475	31,207	3,268
Within 90 days past due	27,711	24,053	3,658
91 – 180 days past due	3,936	3,426	510
181 – 365 days past due	5,574	4,769	805
Over 365 days past due	160	160	–
	<u>71,856</u>	<u>63,615</u>	<u>8,241</u>

Approximately 88.5% of the trade receivables of approximately HK\$71.9 million as at 31 December 2007 was subsequently settled as at 30 April 2008.

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### SEGMENT INFORMATION

During the Track Record Period, the Group has one single business segment, namely the provision of financial printing services. Although the financial printing services are currently organised into two revenue divisions of printing and translation, and advertising, the Group's management considers that these revenue divisions are subject to similar risks and returns. Historically, the Group's management only relied on the reported revenue associated from these revenue divisions in making financial decisions and allocating resources, and significant costs incurred associated with the revenue generated could not be separately identified in accordance to these revenue divisions. In addition, all of the Group's revenue was generated in Hong Kong. Accordingly, no business or geographical segment information is presented.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

#### Overview

During the Track Record Period, the Group's principal sources of liquidity and capital resources have been generated from operations. The Group's liquidity requirements relate primarily to working capital needs and expansion of business.

#### Net Current Assets

As at 30 April 2008, being the latest practicable date for the preparation of the working capital sufficiency statement in this prospectus, the Group had net current assets of approximately HK\$58.7 million, comprising current assets of approximately HK\$136.8 million and current liabilities of approximately HK\$78.1 million. The following table sets out the composition of the Group's unaudited current assets and current liabilities as at 30 April 2008.

	<i>HK\$'000</i> (unaudited)
<b>Current assets</b>	
Work in progress	11,416
Trade receivables	105,404
Other receivables, deposits and prepayments	9,128
Pledged bank deposit	150
Cash and cash equivalents	10,674
	<hr/> 136,772 <hr/>
<b>Current liabilities</b>	
Trade payables	31,374
Other payables and accruals	18,827
Amount due to a related company	10,004
Income tax payable	16,873
Deferred income	972
	<hr/> 78,050 <hr/>
<b>Net current assets</b>	<hr/> <b>58,722</b> <hr/>

## FINANCIAL INFORMATION

### Cash Flow

#### *Overview*

The Group has been profitable on an ongoing basis throughout the Track Record Period and has obtained banking facilities for its general working capital and expansion of its business.

The following table sets out a condensed summary of cash flows for the periods indicated:

	Year ended 31 December		
	2005	2006	2007
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
Cash and cash equivalents at beginning of year	20,222	22,471	31,015
Net cash from operating activities	20,246	23,118	117,443
Net cash from/(used in) investing activities	3	426	(10,573)
Net cash used in financing activities	(18,000)	(15,000)	(39,969)
Net increase in cash and cash equivalents	2,249	8,544	66,901
Cash and cash equivalents at end of year	<u>22,471</u>	<u>31,015</u>	<u>97,916</u>

#### *Operating Activities*

The Group had a net cash inflow from operating activities of approximately HK\$20.2 million for the financial year ended 31 December 2005. This inflow was mainly attributable to the approximately HK\$30.2 million of operating cash flows before movements in working capital, which was offset by an outflow of approximately HK\$10.1 million of increase in trade receivables. The increase in trade receivables was mainly brought by business growth.

During the financial year ended 31 December 2006, the net cash inflow from operating activities was approximately HK\$23.1 million. It was primarily as a net result of (i) operating cash inflow of about HK\$57.1 million before movements in working capital; (ii) increase of approximately HK\$14.2 million trade payables; and (iii) increase in trade receivables by about HK\$46.8 million, which was resulted from business growth.

The net cash inflow from operating activities for the financial year ended 31 December 2007 was approximately HK\$117.4 million. This inflow was mainly resulted from (i) approximately HK\$113.6 million of operating cash flows before movements in working capital; (ii) approximately HK\$18.6 million decrease in trade payables due to the shortening of settlement time so as to maintain good business relationship with suppliers; and (iii) approximately HK\$31.9 million increase in other payables and accruals for the salaries, bonus, staff benefits and sales commission.

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### *Investing Activities*

Cash inflows from investing activities increased from approximately HK\$3,000 for the financial year ended 31 December 2005 to approximately HK\$0.4 million for the financial year ended 31 December 2006. The increase was mainly attributable to a substantial increase in bank interest income received in 2006.

The Group used approximately HK\$10.6 million for the financial year ended 31 December 2007, which was mainly attributable to the purchase of property, plant and equipment of approximately HK\$5.8 million and the increase in fixed deposits with original maturities of over three months of approximately HK\$7.3 million.

### *Financing Activities*

Cash outflows of approximately HK\$18.0 million and approximately HK\$15.0 million were recorded during the two financial years ended 31 December 2005 and 2006 respectively primarily due to the dividends paid to shareholders prior to the Reorganisation.

The net cash used in financing activities in the financial year ended 31 December 2007 was mainly attributable to the dividends paid of approximately HK\$30.0 million and distributions to the then shareholders at the time when Miracle View Group Ltd acquired iOne FPL on 1 January 2007.

### **Capital expenditures management**

For each of the three financial years ended 31 December 2007, capital expenditure of the Group in respect of acquisition of property, plant and equipment amounted to approximately HK\$0.6 million, HK\$0.7 million, HK\$5.8 million respectively, which were in line with the expansion plans of the Group.

### **Working capital and cash flow management**

Taking into account the estimated net proceeds available to the Group from the Share Offer, the Group's cash and cash equivalents on hand, available banking facilities and cash generated from future operations, the Directors are of the opinion that the Group has sufficient working capital for its present requirements and for the next 12 months from the date of this prospectus. As of 30 April 2008, the Group had approximately HK\$0.2 million of banking facilities made available to the Group, which were secured by a bank deposit in an amount of not less than HK\$0.2 million.



## FINANCIAL INFORMATION

### **Directors' opinion on the sufficiency of the Group's working capital**

The Directors are of the opinion that the working capital available to the Group is sufficient for its present requirements and for the next 12 months commencing from the date of this prospectus taking into consideration:

- (a) the Group's cash flow from operating activities had been improving during the three financial years ended 31 December 2007 and net cash generated from operating activities in the twelve months ended 31 December 2006 was approximately HK\$23.1 million as compared to approximately HK\$117.4 million in the twelve months ended 31 December 2007;
- (b) the Group's management believes that its existing banking facilities will continue to be available during the next 12 months from the date of this prospectus;
- (c) cash required for the Group's investing activities can be satisfied by the proceeds from the Share Offer; and
- (d) the Group's historical working capital has proven to be sufficient for the operation of the Group during the Track Record Period.

### **DISTRIBUTABLE RESERVES**

The Company was incorporated in Bermuda on 24 January 2008. As at 31 December 2007, the Company had not commenced operations and accordingly, there were no reserves available for distribution to the Shareholders.

### **DIVIDENDS**

#### **Dividends**

For the three financial years ended 31 December 2007, a member of the Group declared dividends in the amount of HK\$18.0 million, HK\$37.3 million and HK\$80.2 million respectively to its then shareholders, representing approximately 73.8%, 77.5% and 89.7% of the Group's net profit respectively. Save for HK\$74.7 million, being part of the dividends declared for the financial year ended 31 December 2007, all the aforesaid dividends were paid in cash out of the internal resources of the Group as at 31 December 2007. The balance in the said sum of HK\$74.7 million had been settled in full as at 30 April 2008.

#### **Dividend policy**

The dividend policy of the Company will be reviewed from time to time by the Board, which will take into account factors such as the Group's operations and earnings, capital requirements, general financial condition and other factors which the Board considers to be relevant.

## FINANCIAL INFORMATION

Subject to the factors described above, it is the Group's present intention of the Company to declare dividends to the Shareholders in such amount based on profitability, financial conditions, cash requirements and availability, and the accumulated distributable reserves of the Group in respect of each financial year. The dividends of the Company will be paid by way of interim and/or final dividends. Any final dividend payment for any financial year is subject to the approval of the Shareholders.

### UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the following statement of unaudited pro forma adjusted net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules to show the effect on the audited net tangible assets of the Group as at 31 December 2007 as if the Share Offer had occurred on 31 December 2007 and is based on the combined net assets derived from the audited financial information of the Group as at 31 December 2007, as set out in Appendix I to this prospectus and adjusted as follows.

The unaudited pro forma adjusted net tangible assets of the Group has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial position of the Group.

	Audited combined net tangible assets attributable to equity holders of the Company as at 31 December 2007 HK\$'000 (Note a)	Add: Estimated net proceeds from Share Offer HK\$'000 (Note b)	Unaudited pro forma adjusted net tangible assets HK\$'000	Unaudited pro forma adjusted net tangible assets per Share HK\$ (Note c)
Based on an Offer Price per Offer Share of HK\$1.60	36,701	40,500	77,201	0.34

*Notes:*

- (a) The audited combined net tangible assets attributable to the equity holders of the Company as at 31 December 2007 is extracted from the accountants' report set out in Appendix I to this prospectus.
- (b) The estimated net proceeds from the Share Offer are based on 30,000,000 Offer Shares at the offer price of HK\$1.60 per Offer Share, after deduction of the underwriting fees and other related expenses payable by the Company in respect of the Share Offer.
- (c) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in this section and on the basis of 230,000,000 Shares to be in issue immediately following completion of the Share Offer.

### NO MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material adverse change in the Group's financial or trading position since 31 December 2007 (being the date to which the Group's latest audited combined financial statements were prepared, as set out in the section headed "Accountants' report" in Appendix I to this prospectus).

## FUTURE PLANS AND PROPOSED USE OF PROCEEDS

### FUTURE PLANS AND PROSPECTS

The Group aims to develop into an international financial printing services provider with its principal focus in financial sector. The Group believes that the following strategies will help it to leverage its strengths to capture future growth opportunities in PRC's financial printing industry, enhance exposure to international business, enhance its core competitiveness and maintain market position in Hong Kong.

**(i) Develop the Group's overseas business and continue to expand its global footprint and scale of operation**

The Directors believe that there will be a surge of new local and regional competitors in the existing financial printing industry which will result in rising operational costs. The Group will continue to explore value-enhancing co-operation opportunities with international financial printers so as to widen its global reach and enhance its services to its international client base by investing in technology, infrastructure, human talent and strategic business alliances.

**(ii) Set up a backup production hub in PRC**

The solid and remarkable track record of the Group in the Hong Kong market has proven its capacity and capability in the industry and laid the ground for the Group's expansion into regions beyond Hong Kong, in particular PRC.

The Directors believe that PRC's booming economy ahead of the 2008 Beijing Olympics bodes as well as both domestic and multinational businesses gear up for the event in anticipation of the vast marketing opportunities. Coupled with the robust growth of the two stock exchanges in PRC in recent years, interest in PRC's equity markets will increase. As a result, the Directors believe that there will be buoyant demand for time-sensitive print across multiple locations in Greater China.

The Group intends to set up a backup production hub in PRC when opportunities are identified, which will include an establishment of a new production line in PRC for typesetting and translation purposes. The new set up, if applicable, is expected to be similar to that of the production line currently running under the two operating subsidiaries in Hong Kong. The Board believes that such new set up will not constitute a change in the business model of the Group nor will it create competition with the printing business of Sing Kee. The Group will endeavour to maximize integration synergy, improve financial efficiency and achieve sustainable growth in the years ahead.

As at the Latest Practicable Date, the Group had not identified any specific investment targets or plans.

## FUTURE PLANS AND PROPOSED USE OF PROCEEDS

- (iii) Continue to enhance the Group's leading position and increase its market share in Hong Kong's financial printing industry through implementation of innovative management strategies, management efficiency improvement and cost reduction**

With the extensive experience and strengths in the financial printing industry, the Group will continue to maintain its superior performance within the industry by procuring new systems and equipments incorporated with advanced technologies to promote the speed, accuracy and quality of printing services. In view of the increasing trend of eIPO, the Group will also further strengthen its pre-press and post-production services, in particular the translation and electronic publishing services.

The Group will continue to place priority on staff development. There will be continual talent recruitment and training for its staff. Technical and inter-company postings within the Group will be provided to enrich the professional knowledge of its dedicated employees.

The Group will continue to enhance its workflow, streamline its processes to improve efficiency and productivity, including: (1) expanding backend production facilities such as typesetting software to support pre-press and translation processes; (2) improving and reorganising customer service support to better cater to the increasing demands of the clients; and (3) modifying front end procedures and support processes with a production control system for closer monitoring and more flexibility in scheduling control. This can help the Group to gain ground in customer retention as well as maximize its business potential by providing quality and customized services.

- (iv) Enhance the Group's translation efforts to further improve its core competitiveness**

Owing to the tremendous growth in international trades of PRC companies, the demand for translation experts is ever increasing. Hence, the Group's continued development depends on its advancement in its products and services especially in translation area. The Group will expand its professional staff team to offer high degree of personal attention to customers' needs and to provide timeliness and quality services to meet customers' satisfaction.

### PROPOSED USE OF PROCEEDS

The net proceeds from the Share Offer, after deducting underwriting fees and estimated expenses payable by the Group in connection therewith, are estimated to be approximately HK\$40.5 million. The Group currently intends to use such net proceeds in the following manner:

- approximately HK\$15 million for the expansion of the production capabilities by upgrading and/or purchase of sophisticated equipment, software and production facilities including rental deposits and renovation costs and further enhancement of human resources through recruitment of experienced and suitable staff for its business operation in order to increase efficiency of services and customers' satisfaction;
- approximately HK\$6.5 million for expanding the translation operation in PRC through the establishment of production hub equipped with experienced staff in PRC;

## **FUTURE PLANS AND PROPOSED USE OF PROCEEDS**

- approximately HK\$6.5 million for setting up or acquiring a backup production hub in PRC;
- approximately HK\$6.5 million for setting up a representative office in Beijing, PRC for exploring business opportunities and developing business network; and
- the remaining balance of approximately HK\$6 million for the general working capital of the Group.

Pending the use of the net proceeds from the Share Offer for the purposes described above, the Group may place such funds in short-term interest bearing deposits and/or money-market instruments with authorised financial institutions and/or licensed banks in Hong Kong.

## UNDERWRITING

### LEAD MANAGER

Baron Capital Limited

### UNDERWRITERS

#### Placing Underwriters

Baron Capital Limited  
Sun Hung Kai International Limited

#### Public Offer Underwriters

Baron Capital Limited  
Sanfull Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company has agreed to offer the Public Offer Shares for subscription at the Offer Price under the Public Offer, subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed, severally, but not jointly, subject to the terms and conditions in the Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

Pursuant to the Underwriting Agreement, the Company and the Selling Shareholders have agreed to offer the Placing Shares for subscription or purchase at the Offer Price under the Placing. The Placing Underwriters have agreed severally, but not jointly, subject to the terms and conditions in the Underwriting Agreement, to procure subscribers and purchasers to subscribe for and purchase, or failing which they shall subscribe for and purchase, the Placing Shares.

The Underwriting Agreement is subject to various conditions, which include, but without limitation, the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked.

## UNDERWRITING

### Grounds for termination

The obligations of the Underwriters to underwrite the Share Offer are subject to termination by the Sponsors (for itself and on behalf of the Underwriters) by notice in writing given to the Company (for itself and on behalf of the Selling Shareholders) at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (“Termination Time”) if prior to the Termination Time, there comes to the notice of the Lead Manager or any of the Underwriters:

- (a) any new law or regulation comes into force, or there is any change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority, which in the sole opinion of the Lead Manager (for itself and on behalf of the Underwriters) has or could reasonably be expected to have a material adverse effect on the business or financial conditions or prospects of the Group taken as a whole or to the success of the Share Offer or the distribution of the Offer Shares; or
- (b) any material change (including any event or series of events concerning or relating to or otherwise having an effect on) in Hong Kong, BVI, Bermuda, Asia, national, regional or international, financial, political, military, industrial, fiscal, legal, regulatory, economic or market conditions or currency exchange rates or exchange controls, stock or other financial market conditions, prospects, circumstances or matters; or
- (c) any material change in the conditions of Hong Kong or international securities markets (or in conditions affecting a section only of such markets) including, for the avoidance of doubt, any significant adverse change in the index level or value of turnover of any such markets; or
- (d) without prejudice to (b), (c) and (e) referred to in this sub-paragraph, there is imposed any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise, or minimum prices having been established for securities traded thereon; or
- (e) without prejudice to (b), (c) and (d) referred to above, a general banking moratorium is declared by Hong Kong or PRC authorities; or
- (f) a material change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States of America; or
- (g) a material change in the exchange rate between the United States dollar, the Hong Kong dollar or Renminbi; or

## UNDERWRITING

- (h) a material change or development involving a prospective change in taxation or exchange controls in Hong Kong, BVI, PRC or Bermuda which will or might in the sole opinion of the Lead Manager (for itself and on behalf of the Underwriters) materially and adversely affect the business or financial condition or prospect of the Group as a whole or the present or prospective shareholders of the Company in their capacity as such or to the success of the Share Offer or the distribution of the Offer Shares; or
- (i) any material investigation or litigation or claim being threatened or instituted against any Director or any member of the Group; or
- (j) any event or series of events (including, but without limitations, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout) which, in the sole opinion of the Lead Manager (for itself and on behalf of the Underwriters), has or is likely to have a material adverse effect on the success of, or makes it inadvisable or inexpedient or proceed with the Share Offer; or
- (k) the Lead Manager or any of the Underwriters becomes aware, or has reasonable cause to believe that:
  - (i) any statement contained in this prospectus and certain other documents in relation to the Share Offer was, when any of such documents was issued, or has become untrue, incorrect or misleading in any material respect; or
  - (ii) any matter has arisen or has been discovered or alleged which would, had it arisen or been discovered or alleged immediately before the date of this prospectus, constitute an omission therefrom considered by the Lead Manager (for itself and on behalf of the Underwriters) to be material in the context of the Share Offer or the Listing; or
  - (iii) there has occurred any breach, considered by the Lead Manager to be material in the context of the Share Offer or the Listing, of any of the obligations and provisions, representations and warranties (save for those from the Lead Manager and/or any of the Underwriters) contained in the Underwriting Agreement; or
  - (iv) there has occurred any event, act or omission which gives or is likely to give rise to any material liability of any of the Company, the Directors and the Controlling Shareholders pursuant to the warranties or indemnities given in the Underwriting Agreement; or
  - (v) there has occurred any adverse change in the business or in the financial or trading position or prospects of any member of the Group or any of its principal customers, suppliers or partners which in the sole opinion of the Lead Manager (for itself and on behalf of the Underwriters) is material in the context of the Share Offer and the Listing.



## UNDERWRITING

### Commission and expenses

The Underwriters will receive a commission of 2.5% of the aggregate Offer Price of all Offer Shares, out of which each Underwriter will pay its own sub-underwriting commission and selling concessions. The Sponsors will also receive sponsorship fees. The underwriting commission, together with the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, the SFC investor compensation levy, sponsorship fee, legal and other professional fees, printing and other expenses relating to the Share Offer are currently estimated to be approximately HK\$15 million in aggregate, which will be payable by the Company and the Selling Shareholders in proportion to the number of the Offer Shares issued or sold by each of them. Stamp duty, if any, payable in respect of the Sale Shares shall be borne by the Selling Shareholders.

### Undertakings

The Controlling Shareholders has jointly and severally undertaken to each of the Sponsors, the Lead Manager, the Underwriters and the Company that it/he shall not, and will procure that the relevant registered holder(s) and that its/his associates or companies controlled by it/him or any nominee or trustee holding or trustee holding in trust for it/him shall not (save in connection with the expected sale and transfer of the Sale Shares under the Placing as described in the section headed “Structure and conditions of the Share Offer” in this prospectus):

- (i) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, 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 beneficially owned by it/him or the relevant company, nominee or trustee; or
- (ii) in the period of six months commencing on the date on which the period referred to in (a) above expires, 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 referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he either individually or taken together with the other controlling Shareholders would cease to be a controlling shareholder (as defined under the Listing Rules) of the Company.

Each of the Controlling Shareholders has also undertaken to the Stock Exchange, the Sponsors, the Lead Manager, the Underwriters and the Company that within the period from the date of this prospectus and ending on the date which is 12 months from the Listing Date, it/he shall:

- (i) when it/he pledges/charges any securities of the Company beneficially owned by it/him, whether directly or indirectly, in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company the Sponsors and the Lead Manager (for itself and on behalf of the Underwriters in writing) of such pledge/charge together with the number of securities so pledged/charged; and

## UNDERWRITING

- (ii) when it/he receives indication, whether verbal or written, from the pledge/chargee that any of the pledged/charged securities will be disposed of, immediately inform the Company, the Sponsors and the Lead Manager (for itself and on behalf of the Underwriters) of such indication.

The Company will inform the Stock Exchange as soon as practicable after it has been informed of the matters referred to in (i) and (ii) above by any of the Controlling Shareholders and disclose such matters by way of a press announcement as soon as possible.

### **SPONSORS' AND UNDERWRITERS' INTEREST IN THE COMPANY**

The Sponsors will receive a sponsorship fee. The Lead Manager and the Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Commission and expenses" above. The Group will appoint, before the Listing Date, SHK as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which the Group complies with Rule 13.46 of the Listing Rules in respect of its financial results for the year ending 31 December 2008.

Save as disclosed above, none of the Sponsors, the Lead Manager and the Underwriters is interested legally or beneficially in shares of any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of the Group nor any interest in the Share Offer.

### **OTHER INTERESTS**

Each of Mr. Tsang Link Carl, Brian and Mr. Yih Lai Tak, Dieter is the beneficial owner of one-third of the issued share capital of Goldfish Ventures Limited, which in turn owned 12% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Tsang Link Carl, Brian is a partner of Iu, Lai & Li, the legal advisers to the Company in connection with the Listing. Mr. Yih Lai Tak, Dieter is a partner of Mallesons Stephen Jaques, the legal advisers to the Sponsors and the Underwriters in connection with the Listing. Both Iu, Lai & Li and Mallesons Stephen Jaques will receive normal professional fees in connection with the Listing.

### **MINIMUM PUBLIC FLOAT**

The Company and the Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer and the Shares to be placed must have an adequate spread of holders, the number depending on the size of the placing, but as a guideline there should be no less than three holders for each HK\$1,000,000 of the Placing, with a minimum of 100 holders.

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

### THE STRUCTURE OF THE SHARE OFFER

The Share Offer consists of:

- the Placing; and
- the Public Offer.

Baron Capital is the Lead Manager and the Bookrunner of the Share Offer.

An aggregate of 6,252,000 New Shares have been initially allocated to the Public Offer for subscription, subject to reallocation as mentioned below and the Listing Rules. An aggregate of 23,748,000 New Shares and 30,000,000 Sale Shares are initially offered under the Placing for subscription and purchase, subject to reallocation as mentioned below and the requirements under the Listing Rules.

Investors are free to select to apply for the Public Offer Shares or the Placing Shares, but they may only receive Shares under the Public Offer **OR** the Placing but not both. The Directors and the Lead Manager will take all reasonable steps to identify any multiple applications under the Public Offer and the Placing which are not allowed and are bound to be rejected.

### PRICE PAYABLE ON APPLICATION FOR THE PUBLIC OFFER SHARES

Applicants under the Public Offer should pay, on application, the Offer Price of HK\$1.60 per Public Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.004% transaction levy imposed by the SFC, amounting to a total of HK\$3,232.29 for each board lot of 2,000 Shares.

### CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares will be conditional upon:

- the Listing Committee granting the approval of the Listing of, and permission to deal in, the Shares in issue, the Offer Shares and any Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme; and
- the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms and conditions prior to 8:00 a.m. on the Listing Date,

in each case, on or before the dates and times specified in the Underwriting 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 the date which is 30 days after the date of this prospectus, failing which the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be caused to be published by the Company in *The Standard* and

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

*South China Morning Post* (in English) and *Hong Kong Economic Times* (in Chinese) on the next day following such lapse. In such event, all application money received will be refunded, without interest. The terms on which the application money will be refunded are set out in the paragraph headed “Refund of your money” on the notes attached to the Application Forms.

### THE PLACING

The Company is initially offering 23,748,000 new Shares and the Selling Shareholders are offering 30,000,000 Sale Shares, both at the Offer Price, representing approximately 90% of the initial number of the Offer Shares, for subscription or purchase by way of Placing (subject to reallocation as mentioned below and the requirements of the Listing Rules).

Investors subscribing for or purchasing the Placing Shares are also required to pay 1% brokerage, 0.005% Stock Exchange trading fee and 0.004% transaction levy imposed by the SFC.

It is expected that the Placing Underwriters, or selling agents nominated by them, on behalf of the Company will conditionally place the Placing Shares at the Offer Price to the selected professional, institutional and/or individual investors in Hong Kong. Such professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary businesses involve dealing in shares and other securities and/or corporate entities which regularly invest in shares and other securities. Private investors applying Placing Shares through banks or other institutions under the Placing may also be allocated the Placing Shares.

All decisions concerning the allocation of the Placing Shares to the prospective placees pursuant to the Placing will be made on the basis of, and with reference to, a number of factors including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not the relevant investor is expected or likely to buy further Shares, or hold or sell the Shares, after the Listing Date. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid Shareholder base for the benefit of the Company. In addition, the Company and the Directors will use their respective best endeavours to comply or procure the compliance with the minimum public float requirement under the Listing Rules when making allocations of the Placing Shares to investors who are anticipated to have a sizeable demand for such Shares.

The total number of the Placing Shares to be allotted and issued may change as a result of the reallocation mentioned below and any reallocation of the unsubscribed Public Offer Shares to the Placing as mentioned under the paragraph headed “The Public Offer” below.

The Placing is subject to the conditions stated in the paragraph headed “Conditions of the Share Offer” above.

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

### THE PUBLIC OFFER

The Company is initially offering 6,252,000 New Shares, representing approximately 10% of the initial number of the Offer Shares, at the Offer Price for subscription by way of Public Offer, subject to reallocation as mentioned below. The Public Offer is led by the Lead Manager and is fully underwritten by the Public Offer Underwriters. Applicants for the Public Offer Shares are required to pay on application the Offer Price of HK\$1.60 per Public Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.004% transaction levy imposed by the SFC.

The Public Offer is open to all members of the public in Hong Kong. An applicant for the Public Offer Shares will be required to give an undertaking and confirmation in the related Application Form that he or she or it has not taken up and will not indicate an interest to take up any Placing Shares nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is bound to be rejected. The Public Offer will be subject to the conditions mentioned in the paragraph headed "Conditions of the Share Offer" above.

If the Public Offer Shares are not fully subscribed, the Lead Manager will have an absolute discretion to reallocate all or any unsubscribed Public Offer Shares to the Placing in such number as it considers appropriate.

The total number of the Public Offer Shares to be allotted and issued may change as a result of the reallocation as mentioned below.

#### **Basis of allocation of the Public Offer Shares**

For allocation purpose only, the number of the Public Offer Shares initially available for subscription by the public under the Public Offer (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B. The Public Offer Shares in pool A will be allocated on a fair basis to successful applicants who have applied for the Public Offer Shares with a total subscription amount of HK\$5 million or below (excluding transaction levy imposed by the SFC, the Stock Exchange trading fee and the brokerage payable thereon). The Public Offer Shares available in pool B will be allocated on a fair basis to successful applicants who have applied for the Public Offer Shares with a total subscription amount of more than HK\$5 million (excluding transaction levy imposed by the SFC, the Stock Exchange trading fee and the brokerage payable thereon) and up to the total initial value of pool B.

Investors should be aware that allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the unsubscribed Public Offer Shares will be transferred to satisfy the demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Any application made for more than 100% of Public Offer Shares initially available under pool A or pool B is bound to be rejected.

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

### RE-ALLOCATION OF THE OFFER SHARES BETWEEN THE PLACING AND THE PUBLIC OFFER

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from Placing so that, the total number of Shares available for subscription under the Public Offer will increase to 18,000,000, representing 30% of the total number of the Offer Shares initially available under the Share Offer;
- if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from Placing so that, the total number of Shares available for subscription under the Public Offer will increase to 24,000,000, representing 40% of the total number of the Offer Shares initially available under the Share Offer; and
- if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from Placing so that, the total number of Shares available for subscription under the Public Offer will increase to 30,000,000, representing 50% of the total number of the Offer Shares initially available under the Share Offer.

In each such case, the additional Shares reallocated to the Public Offer will be allocated equally between pool A and pool B and the number of the Placing Shares will be correspondingly reduced.

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

*You may use a **WHITE** or **YELLOW** Application Form to apply for the Public Offer Shares. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on any Application Form.*

### WHICH APPLICATION FORM TO USE

Use a **WHITE** Application Form if you want the Public Offer Shares to be issued in your own name.

Use a **YELLOW** Application Form if you want the Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your investor participant stock account or the stock account of your designated CCASS participant.

*Note:* The Public Offer Shares will not be available to the Directors or their respective associates or any other connected persons of the Company or persons who will become connected person of the Company immediately upon completion of the Share Offer unless the Listing Rules are complied with.

### WHERE TO COLLECT THE PROSPECTUSES AND THE APPLICATION FORMS

Copies of the Prospectus and the **WHITE** Application Forms are available during normal business hours from 9:00 a.m. on 30 June 2008 until 12:00 noon on 4 July 2008 at:

1. Baron Capital Limited, 4/F, Aon China Building, 29 Queen's Road Central, Hong Kong; or
2. Sun Hung Kai International Limited, 1201 CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong; or
3. Sanfull Securities Limited, Room 2001–6 Cosco Tower, 183 Queen's Road Central, Hong Kong; or
4. any one of the following branches of Standard Chartered Bank (Hong Kong) Limited:

	Branch name	Address
Hong Kong Island:	Central Branch	Shop No.16, G/F and lower G/F New World Tower 16–18 Queen's Road Central
	88 Des Voeux Road Branch	88 Des Voeux Road, Central
	Wanchai Southorn Branch	Shop 3 & 4 G/F Shanghai Industrial Investment Building 50–52 Hennessy Road, Wanchai
	Causeway Bay Branch	G/F, Yee Wah Mansion, 38–40A Yee Wo Street, Causeway Bay

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

	Branch name	Address
<b>Kowloon:</b>	Yaumatei Branch	G/F-1/F, Ming Fong Bldg., 564 Nathan Road, Kowloon
	68 Nathan Road Branch	Basement, Shop B1 G/F Golden Crown Court 66-70 Nathan Road, Tsimshatsui
	Cheung Sha Wan Branch	828 Cheung Sha Wan Road Cheung Sha Wan
	Kwun Tong Branch	1A, Yue Man Square, Kwun Tong
<b>New Territories:</b>	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza 298 Sha Tsui Road, Tsuen Wan
	City One Shatin Branch	Shop 30-33, G/F Ngan Shing Commercial Centre City One Shatin

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on 30 June 2008 until 12:00 noon on 4 July 2008 from:

**Depository Counter**  
**Hong Kong Securities Clearing Company Limited**  
 2nd Floor, Vicwood Plaza  
 199 Des Voeux Road Central  
 Hong Kong

or your stockbroker who may have the Application Forms and this prospectus available.

### HOW TO COMPLETE THE APPLICATION FORMS

There are detailed instructions on each Application Form. You should read those instructions carefully. If you do not follow the instructions, your application may be rejected and returned to you (or the first-named applicant in case of joint applicant(s)) by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) at your own risk at the address stated in the relevant Application Form.

If your application is made through a duly authorised attorney, the Company, the Tricor Investor Services Limited (acting on behalf of all the Public Offer Underwriters) and the Sponsors, or their respective agents or nominees, each acting as an agent of the Company, may accept the application at their discretion, and subject to any conditions they consider appropriate, including evidence of the authority of your attorney. The Lead Manager and the Sponsors, acting as agents of the Company, shall have full discretion to reject or accept any application, in full or in part, without assigning any reason.

### HOW MANY APPLICATIONS YOU MAY MAKE FOR THE PUBLIC OFFER SHARES

You may make more than one application for the Public Offer Shares if you are a nominee, in which case you may make an application by using a **WHITE** or **YELLOW** Application Form,



## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the relevant Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being for your own benefit.

**Otherwise, multiple applications are not allowed.**

It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- if the application is made for your own benefit, warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form;
- if you are an agent for another person, warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form, and that you are duly authorised to sign the relevant Application Form.

Multiple applications or suspected multiple applications are liable to be rejected. All of your applications are liable to be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly with others) on a **WHITE** or **YELLOW** Application Form;
- both apply (whether individually or jointly with others) on one **WHITE** Application Form and one **YELLOW** Application Form;
- apply (whether individually or jointly with others) on one **WHITE** or **YELLOW** Application Form for more than 50% of the Public Offer Shares initially available for subscription under the Public Offer; or
- have applied for or taken up, or indicated an interest for or have been or will be placed Offer Shares under the Placing and make application on **WHITE** or **YELLOW** Application Form.

All of your applications are also liable to be rejected as multiple applications if more than one application is made for your benefit or you have applied for or taken up or otherwise indicated an interest for Offer Shares under the Placing.

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and
- you exercise “statutory control” over that company,

then that application will be treated as being for your benefit.

An “unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of that company; and/or
- control more than half the voting power of that company; and/or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

## HOW MUCH TO PAY FOR THE PUBLIC OFFER SHARES

The Offer Price of the Public Offer Shares is HK\$1.60 each. You must also pay the brokerage of 1%, the transaction levy of 0.004% imposed by the SFC and the Stock Exchange trading fee of 0.005%. The proposed board lot for trading in the Shares is 2,000 Shares. This means that for every 2,000 Public Offer Shares, you will need to pay HK\$3,232.29. The Application Forms have tables showing the exact amount payable for certain multiples of the Public Offer Shares up to 3,126,000 Public Offer Shares.

Your payment must be made by one cheque or one banker’s cashier order and must comply with the terms of the Application Forms.

If your application is successful, the brokerage will be paid to participants of the Stock Exchange, the transaction levy will be paid to the SFC and the trading fee will be paid to the Stock Exchange.

## TIME FOR APPLYING FOR THE PUBLIC OFFER SHARES

### WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, with payment attached, must be lodged by 12:00 noon (Hong Kong time) on 4 July 2008, or, if the Application Lists are not open on that day, then by 12:00 noon (Hong Kong time) on the day the Application Lists are open.

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Your completed Application Form, with payment attached, should be deposited in the special collection boxes provided at any of sub-branches and/or branches of the Standard Chartered Bank (Hong Kong) Limited, Hong Kong Branch listed under “Where to collect the prospectuses and the Application Forms” above at the following times:

30 June 2008	—	9:00 a.m. to 4:30 p.m.
2 July 2008	—	9:00 a.m. to 4:30 p.m.
3 July 2008	—	9:00 a.m. to 4:30 p.m.
4 July 2008	—	9:00 a.m. to 12:00 noon

The Application Lists will open from 11:45 a.m. (Hong Kong time) and will close at 12:00 noon (Hong Kong time) on 4 July 2008.

### Application Lists

The Application Lists will open from 11:45 a.m. to 12:00 noon on 4 July 2008.

No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until after the closing of the Application Lists. No allocation of any of the Public Offer Shares will be made after 4 July 2008.

### EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The Application Lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning signal,

in force at any time between 9:00 a.m. (Hong Kong time) and 12:00 noon (Hong Kong time) on 4 July 2008 in Hong Kong. Instead, the Application Lists will open between 11:45 a.m. (Hong Kong time) and 12:00 noon (Hong Kong time) on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. (Hong Kong time) and 12:00 noon (Hong Kong time).

If the Application Lists do not open and close on 4 July 2008, the dates mentioned in the section headed “Expected timetable” in this prospectus and the related Application Forms and other dates mentioned in this prospectus (including, without limitation, the latest time for the exercise of termination rights under the Underwriting Agreement) may be affected. A press announcement will be made in such event in *The Standard and South China China Morning Post* (in English) and *Hong Kong Economic Times* (in Chinese).

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

### CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED THE PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allotted the Public Offer Shares are set forth in the related Application Forms, and you should read them carefully. You should note in particular the following situations in which the Public Offer Shares will not be allotted to you:

#### **If your application is revoked**

By submitting an Application Form, you agree that you cannot revoke your application on or before the expiration of the 5th day after 4 July 2008 or such later date as the Application Lists may close as described under “Effect of bad weather on the opening of the Application Lists” above unless a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus. This agreement will take effect as a collateral contract with us, and will become binding when you lodge your Application Form. This collateral contract will be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person until after the expiration of the 5th day after closing of the Application Lists except by means of one of the procedures referred to in this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicants have not been so notified, or if applicants have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted will remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application has been accepted, it cannot be revoked or withdrawn. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allotment, and where such basis of allotment is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively, at the Company’s full discretion or the discretion of its agents.

The Company and its agents have full discretion to reject or accept any application, or to accept only part of an application, and do not have to give any reason for any rejection or acceptance.

#### **If your application is rejected**

Your application will be rejected if:

- it is a multiple application or a suspected multiple application; or

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- your Application Form is not completed correctly in accordance with the instructions printed thereon; or
- your payment is not made correctly; or
- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured on its first presentation; or
- you or the person for whose benefit you are applying have applied for or taken up or indicated an interest for or have received or have been or will be placed or allocated (including conditionally and/or provisionally) the Placing Shares; or
- the Group believes that by accepting your application, it would violate the applicable laws, rules or regulations of the jurisdiction in which your application is, or is suspected to have been, completed and/or signed or of any other jurisdiction.

### **If your application is not accepted**

Your application will not be accepted if either:

- the Underwriting Agreements does not become unconditional; or
- the Underwriting Agreement is terminated in accordance with its terms and conditions.

### **If the allotment of the Public Offer Shares is void**

The allotment of the Public Offer Shares to you or to HKSCC Nominees (if you apply by a **YELLOW** Application Form) will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing of the Applications Lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company or the Sponsors of that longer period within three weeks of the closing of the Application Lists.

## **ANNOUNCEMENT OF RESULTS OF THE PUBLIC OFFER**

The Company expects to announce the level of indication of interest in the Placing, results of applications under the Public Offer and the basis of allotment of the Public Offer Shares on 11 July 2008 in *The Standard* and *South China Morning Post* (in English) and *Hong Kong Economic Times* (in Chinese).

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

### SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Listing Committee grants the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the Main Board 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 date of commencement of dealing in the Shares on the Main Board or 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. Investors should seek the advice of their stockbroker(s) or other professional adviser(s) for details of those settlement arrangements as such arrangements will affect their rights and interests.

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

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

### DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONEY

**No temporary documents of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.**

Any certificate relating to the Offer Shares issued by the Company or deposited into CCASS prior to 8:00 a.m. on the Listing Date will only become valid certificate of title if the Public Offer has become unconditional in all aspects and the Underwriting Agreement has not been terminated in accordance with its terms on or before 8:00 a.m. on the Listing Date.

Your application money, or an appropriate portion thereof, together with the related brokerage fee, Stock Exchange trading fee and the transaction levy imposed by the SFC, will be refunded, **without interest**, if:

- your application is rejected, not accepted or only accepted in part;
- the conditions of the Share Offer are not fulfilled in accordance with the section headed “Structure and conditions of the Share Offer” in this prospectus;
- any application is revoked or any allocation pursuant thereto has become void; or
- any of the reasons set forth under “Circumstances in which you will not be allotted the Public Offer Shares”.

It is intended that special efforts will be made to avoid any undue delay in refunding application money where appropriate.

You will receive one share certificate for all the Public Offer Shares issued to you (except pursuant to applications made on **YELLOW** Application Forms where the share certificate will be deposited into CCASS as described below under the paragraph headed “Deposit of share certificates into CCASS” below).

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Subject to the provisions mentioned below, in due course there will be sent to you by ordinary post, at your own risk to the address specified on your Application Form:

- for applicants on **WHITE** Application Forms: (i) share certificate for all the Public Offer Shares applied for, if your application is wholly successful; or (ii) share certificate for the number of Public Offer Shares successfully applied for, if your application is partially successful; and/or
- for applicants on **WHITE** and **YELLOW** Application Forms, a refund cheque crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for: (i) the excessive application money for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful or (ii) all the application money, if the application is wholly unsuccessful, in each case including related brokerage of 1%, the Stock Exchange trading fee of 0.005% and the transaction levy of 0.004% imposed by the SFC, without interest. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first named applicant, provided by you may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of the refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

In a contingent situation involving a very high level of over-subscription, at the discretion of the Company and the Lead Manager and the Sponsors, applications for certain small denominations of the Public Offer Shares may be eliminated in a pre-balloting. In such circumstances, the cheques or banker’s cashier orders accompanying such applications on the Application Forms will not be presented for clearing.

Subject as mentioned below, refund cheques (if any) and share certificates for successful applicants under **WHITE** Application Forms are expected to be despatched on 11 July 2008. The Company reserves the right to retain any share certificates and any excessive application money pending clearance of cheque(s) or banker’s cashier order(s).

If you have applied for 1,000,000 Public Offer Shares or more on a **WHITE** or **YELLOW** Application Form and have indicated your intention on your Application Form to collect your refund cheque (where applicable) and/or (for applicants using **WHITE** Application Forms) share certificate (where applicable) from the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, and have provided all information required by your Application Form, you may collect (where applicable) your refund cheque and/or (where applicable) share certificate from the Company’s 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 on 11 July 2008 from 9:00 a.m. to 1:00 p.m. or any other date notified by us in the newspapers as the date of despatch of share certificates/refund cheques.

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you are an individual who opts for collection in person, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for collection in person, the authorised representative bearing a letter of authorisation from the corporation stamped with the corporation's chop must be presented for collection. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Company's Hong Kong branch share registrar and transfer office. If you do not collect your share certificate and/or refund cheque, they will be despatched promptly to you by ordinary post to the address as specified in your Application Form at your own risk.

If you have applied for less than 1,000,000 Public Offer Shares or if you have applied for 1,000,000 Public Offer Shares or more on a **WHITE** or **YELLOW** Application Form but have not indicated in your Application Form that you wish to collect your share certificate (where applicable) and/or refund cheque in person, the share certificate and/or refund cheque (if applicable) will be sent to the address on your Application Form on 11 July 2008 or any other date notified by us in the newspapers as the date of despatch of share certificates/refund cheques by ordinary post and at your own risk.

### **Deposit of share certificates into CCASS**

If you apply for the Public Offer Shares using a **YELLOW** Application Form, and your application is wholly or partially successful, your share certificate will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant's stock account or the stock account of your designated CCASS Participant as instructed by you at the close of business on 11 July 2008, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of the Public Offer Shares allotted to you with that CCASS Participant.

The Company expects to publish the application results of CCASS Investor Participants using **YELLOW** Application Form on 11 July 2008. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on 11 July 2008 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying as a CCASS Investor Participant, you can check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) immediately after the credit of the Public Offer Shares to your stock account. HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

### **COMMENCEMENT OF DEALINGS IN THE SHARES**

Dealings in the Shares on the Stock Exchange is expected to commence on 14 July 2008. Shares will be traded on the Stock Exchange in board lot of 2,000 each. The Stock Exchange stock code for the Shares is 982.



*The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the Company's reporting accountants, BDO McCabe Lo Limited, Certified Public Accountants.*



**BDO McCabe Lo Limited**  
 Certified Public Accountants  
 25th Floor, Wing On Centre  
 111 Connaught Road Central  
 Hong Kong  
 Telephone: (852) 2541 5041  
 Telefax: (852) 2815 0002

德豪嘉信會計師事務所有限公司  
 香港干諾道中一百一十一號  
 永安中心二十五樓  
 電話:(八五二)二五四一 五〇四一  
 傳真:(八五二)二八一五 〇〇〇二

30 June 2008

The Directors  
 iOne Holdings Limited  
 Baron Capital Limited  
 Sun Hung Kai International Limited

*Dear Sirs,*

We set out below our report on the financial information (the "Financial Information") regarding iOne Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2005, 2006 and 2007 (the "Relevant Periods") for inclusion in the prospectus of the Company dated 30 June 2008 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in Bermuda on 24 January 2008 under the Companies Act 1981 of Bermuda (as amended). Pursuant to a corporate reorganisation (the "Reorganisation") as detailed in the paragraph headed "Corporate reorganisation" in Appendix V to the Prospectus, the Company became the holding company of the companies now comprising the Group on 25 June 2008.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private limited companies:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Miracle View Group Ltd ("Miracle View")	British Virgin Islands ("BVI") 11 May 2006	100 no par value registered shares	100%	—	Investment holding
Rising Win Ltd ("Rising Win")	BVI 18 August 2006	1 no par value registered share	—	100%	Investment holding

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Rich Partners Holdings Limited ("Rich Partners")	BVI 30 September 2005	100 ordinary shares of US\$1 each	—	100%	Investment holding
iOne Financial Press Limited ("iOne FPL")	Hong Kong 10 April 2000	10,000,000 ordinary share of HK\$1 each	—	100%	Provision of financial printing services
iOne (Regional) Financial Press Limited	Hong Kong 28 October 2005	1 ordinary share of HK\$1	—	100%	Provision of financial printing services
RFP Holdings Limited	Hong Kong 5 November 2007	1 ordinary share of HK\$1	—	100%	Inactive
RFP Financial Press Limited	Hong Kong 5 November 2007	1 ordinary share of HK\$1	—	100%	Inactive

All companies now comprising the Group have adopted 31 December as their financial year end date.

The statutory financial statements of iOne FPL for each of the three years ended 31 December 2005, 2006 and 2007 prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") were audited by RSM Nelson Wheeler, Lui & Leung and BDO McCabe Lo Limited respectively. The statutory financial statements of iOne (Regional) Financial Press Limited for the period from 28 October 2005 (date of incorporation) to 31 December 2006 and for the year ended 31 December 2007 prepared in accordance with HKFRSs issued by the HKICPA were audited by Lui & Leung and BDO McCabe Lo Limited respectively.

No audited financial statements have been prepared for the Company, RFP Holdings Limited and RFP Financial Press Limited since their respective dates of incorporation as they have not carried on any business, other than the transactions related to the Reorganisation. No statutory financial statements have been prepared for Miracle View, Rising Win and Rich Partners since their respective dates of incorporation as there is no statutory requirement for these companies to prepare audited financial statements.

For the purpose of this report, we have reviewed all the relevant transactions of the Company, Miracle View, Rising Win, Rich Partners, RFP Holdings Limited and RFP Financial Press Limited since their respective dates of incorporation to the date of this report and carried out such procedures as we considered necessary for inclusion of the financial information relating to these companies in this report.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods in accordance with HKFRSs. We have performed an independent audit on the combined financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the combined financial statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information set out in this report has been prepared based on the audited combined financial statements of the Group as if the Reorganisation had been completed as at the beginning of the Relevant Periods. No adjustments have been made to the audited combined financial statements in the preparation of our report for inclusion in this Prospectus.

The directors of the Company are responsible for preparing the combined financial statements of the Group and also the contents of the Prospectus in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the combined financial statements of the Group, 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 to the Financial Information, the Financial Information gives, for the purpose of this report, a true and fair view of the combined state of affairs of the Group as at 31 December 2005, 2006 and 2007 and of the combined results and cash flows of the Group for the Relevant Periods.

## A. FINANCIAL INFORMATION

### Combined Income Statements

	<i>Notes</i>	<b>Year ended 31 December</b>		
		<b>2005</b>	<b>2006</b>	<b>2007</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	6	116,947	199,087	370,064
Cost of services provided		(74,691)	(113,496)	(179,338)
Gross profit		42,256	85,591	190,726
Other income and gains	8	960	1,432	3,164
Selling and distribution expenses		(4,601)	(17,222)	(27,594)
Administrative expenses		(8,746)	(12,549)	(56,679)
Profit before income tax expense	9	29,869	57,252	109,617
Income tax expense	12	(5,430)	(9,154)	(20,171)
Profit for the year		<u>24,439</u>	<u>48,098</u>	<u>89,446</u>
Profit attributable to:				
Equity holders of the Company		24,439	48,098	87,359
Minority interests		<u>—</u>	<u>—</u>	<u>2,087</u>
		<u>24,439</u>	<u>48,098</u>	<u>89,446</u>
Dividends	13	<u>18,000</u>	<u>37,254</u>	<u>80,206</u>
Earnings per share				
– Basic (HK\$)	14	<u>0.12</u>	<u>0.24</u>	<u>0.44</u>

## Combined Balance Sheets

		At 31 December		
		2005	2006	2007
	Notes	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>				
Property, plant and equipment	15	2,393	2,128	6,286
<b>Current assets</b>				
Work in progress		—	2,857	2,568
Trade receivables	16	24,876	71,634	71,856
Other receivables, deposits and prepayments	17	2,516	4,299	6,909
Pledged bank deposit	18	—	—	500
Cash and cash equivalents	19	22,471	31,015	105,223
		49,863	109,805	187,056
<b>Current liabilities</b>				
Trade payables	20	13,304	27,528	8,971
Other payables and accruals	21	4,779	14,441	46,334
Amount due to a related company	22	4,160	5,624	10,204
Deferred income	23	911	789	972
Dividend payable		—	—	74,705
Income tax payable		3,164	5,127	13,553
		26,318	53,509	154,739
<b>Net current assets</b>		23,545	56,296	32,317
<b>Total assets less current liabilities</b>		25,938	58,424	38,603
<b>Non-current liabilities</b>				
Deferred income	23	1,798	1,223	891
Deferred tax liabilities	24	187	150	506
		1,985	1,373	1,397
<b>Net assets</b>		23,953	57,051	37,206
<b>Capital and reserves</b>				
Share capital	25	10,000	10,000	—
Reserves		13,953	47,051	36,701
<b>Equity attributable to equity holders of the Company</b>		23,953	57,051	36,701
Minority interests		—	—	505
<b>Total equity</b>		23,953	57,051	37,206

## Combined Statements of Changes in Equity

	Attributable to equity holders of the Company					Minority interests	Total
	Share capital	Share premium	Retained profits	Proposed dividend	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note a)						
At 1 January 2005	10,000	—	7,514	—	17,514	—	17,514
Profit for the year, representing total recognised income for the year	—	—	24,439	—	24,439	—	24,439
2005 interim dividend paid	—	—	(18,000)	—	(18,000)	—	(18,000)
At 31 December 2005	10,000	—	13,953	—	23,953	—	23,953
Profit for the year, representing total recognised income for the year	—	—	48,098	—	48,098	—	48,098
2006 interim dividend paid	—	—	(15,000)	—	(15,000)	—	(15,000)
2006 proposed final dividend	—	—	(22,254)	22,254	—	—	—
At 31 December 2006	10,000	—	24,797	22,254	57,051	—	57,051
Distribution to then shareholders	(10,000)	—	—	—	(10,000)	—	(10,000)
Profit for the year, representing total recognised income for the year	—	—	87,359	—	87,359	2,087	89,446
Issue of shares	—	1	—	—	1	—	1
Issue of shares in respect of:							
share-based compensation	—	4,750	—	—	4,750	250	5,000
loss on deemed disposal of subsidiary	—	—	—	—	—	383	383
2006 final dividend paid	—	—	—	(22,254)	(22,254)	—	(22,254)
2007 interim dividend paid/payable	—	—	(80,206)	—	(80,206)	(2,215)	(82,421)
At 31 December 2007	—	4,751	31,950	—	36,701	505	37,206

Note:

- (a) The share capital of the Group as at 31 December 2005 and 2006 represented the nominal value of the issued share capital of iOne FPL. On 1 January 2007, Rising Win acquired the entire share capital of iOne FPL at an aggregate consideration of HK\$10,000,000, which represented the nominal value of the issued share capital of iOne FPL at the time of acquisition, and Miracle View acquired the entire issued share capital of Rising Win on the same date. The share capital of the Group as at 31 December 2007 represented the nominal value of the issued share capital of Miracle View. The share capital of Miracle View has no par value, the consideration of US\$100 (equivalent to approximately HK\$780) received from issuance of share capital of Miracle View was recognised as share premium.

## Combined Cash Flow Statements

	Year ended 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
<b>Operating activities</b>			
Profit before income tax expense	29,869	57,252	109,617
Adjustments for:			
Interest income	(650)	(1,134)	(2,736)
Depreciation of property, plant and equipment	939	958	1,451
Share-based compensation expense	—	—	5,000
Loss on deemed disposal of a subsidiary	—	—	383
Loss/(gain) on disposal of property, plant and equipment	3	15	(107)
Operating cash flows before movements in working capital	30,161	57,091	113,608
(Increase)/decrease in work in progress	—	(2,857)	289
Increase in trade receivables	(10,115)	(46,758)	(222)
Increase in other receivables, deposits and prepayments	(310)	(1,783)	(2,610)
(Decrease)/increase in trade payables	(76)	14,224	(18,557)
Increase in other payables and accruals	884	9,662	31,893
Increase in amount due to a related company	4,160	1,464	4,580
Decrease in deferred income	(972)	(697)	(149)
Cash generated from operations	23,732	30,346	128,832
Hong Kong profits tax paid	(3,486)	(7,228)	(11,389)
Net cash from operating activities	20,246	23,118	117,443
<b>Investing activities</b>			
Interest received	650	1,134	2,736
Purchase of property, plant and equipment	(647)	(708)	(5,767)
Proceed from disposal of property, plant and equipment	—	—	265
Increase in pledged bank deposit	—	—	(500)
Increase in fixed deposits with original maturities of over three months	—	—	(7,307)
Net cash from/(used in) investing activities	3	426	(10,573)

	<i>Note</i>	Year ended 31 December		
		2005	2006	2007
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Financing activities</b>				
Dividends paid		(18,000)	(15,000)	(29,970)
Distribution to then shareholders		—	—	(10,000)
Issue of shares		—	—	1
		<u>          </u>	<u>          </u>	<u>          </u>
Net cash used in financing activities		<u>(18,000)</u>	<u>(15,000)</u>	<u>(39,969)</u>
Net increase in cash and cash equivalents		2,249	8,544	66,901
Cash and cash equivalents at beginning of the year		<u>20,222</u>	<u>22,471</u>	<u>31,015</u>
Cash and cash equivalents at end of the year, representing bank balances and cash	19	<u><u>22,471</u></u>	<u><u>31,015</u></u>	<u><u>97,916</u></u>

**Notes to the Financial Information****1. GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PRESENTATION****(a) General information**

The Company is incorporated in Bermuda as an exempted company with limited liability. Its principal place of business is at 7th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong and its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Group is principally engaged in the provision of financial printing services in Hong Kong.

**(b) Group reorganisation**

For the preparation of the listing of shares of the Company, the following reorganisation was carried out:

- (i) Pursuant to a share swap agreement dated 25 June 2008, the Company acquired the entire issued share capital of Miracle View and became the holding company of the subsidiaries now comprising the Group.
- (ii) On 28 February 2008, the Group entered into a sale and purchase agreement with the minority shareholder of Rich Partners to acquire the remaining 5% equity interests in Rich Partners. As a result, Rich Partners became a wholly-owned subsidiary of the Company.

Further details of the Reorganisation are set out in the paragraph headed "Corporate reorganisation" in Appendix V to the Prospectus.

**(c) Basis of presentation**

The Financial Information has been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The Financial Information includes the financial position, results and cash flows of the companies comprising the Group as if the current group structure had been in existence since 1 January 2005, or since their respective dates of incorporation.

In applying the principles of merger accounting for corporate reorganisation under common control, the financial statements of Miracle View and its subsidiaries are included in the Financial Information as they are under the common control of the shareholders of Brilliant Eagle International Ltd. ("Brilliant Eagle"). For the purpose of preparation of the combined financial statements of the Group, a written confirmation has been issued by all existing shareholders of Brilliant Eagle to the management of the Company to confirm that all the financial and business decisions of Brilliant Eagle were (and still are) made by the shareholders jointly. No accounting adjustment to the net assets nor net results of these companies was required to achieve consistency with the Group's accounting policies.

All intra-group transactions, cash flows and balances have been eliminated on combination.



## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted all of new and revised standards and interpretations issued by the HKICPA that are effective for the financial period beginning on 1 January 2007 in the preparation of its Financial Information throughout the Relevant Periods.

The following new standards, amendments and interpretations to the existing standards are not yet effective and have not been early adopted by the Group:

HKAS 1 and HKAS 32 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>2</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>2</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>2</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKFRS 2 Amendment	Share-based Payment — Vesting Conditions and Cancellations <sup>2</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 8	Operating Segments <sup>2</sup>
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions <sup>5</sup>
HK(IFRIC)-Int 12	Service Concession Arrangements <sup>4</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>4</sup>

<sup>1</sup> Effective from annual periods beginning on or after 1 July 2009.

<sup>2</sup> Effective from annual periods beginning on or after 1 January 2009.

<sup>3</sup> Effective from annual periods beginning on or after 1 July 2008.

<sup>4</sup> Effective from annual periods beginning on or after 1 January 2008.

<sup>5</sup> Effective from annual periods beginning on or after 1 March 2007.

The Group is in the process of making an assessment of the impact of these new standards, amendments and interpretations upon initial application. So far, it has concluded that these new standards, amendments and interpretations would not have any significant impact on the Group's results of operations and financial position.

## 3. PRINCIPAL ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs under the historical cost convention. These policies have been consistently applied to all the Relevant Periods. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 4.

### Consolidation

The Financial Information includes the financial statements of the Company and its subsidiaries. Subsidiaries are those entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the Financial Information from the date that control commences until the date of control ceases.

All inter-company transactions, cash flows and balances between the companies now comprising the Group are eliminated.

### *Merger accounting for common control combination*

The combined financial statements incorporate the financial statements 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 income statement includes 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.

The comparative amounts in the combined financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

#### *Business combinations*

Except for the merger accounting for the Reorganisation, the purchase method of accounting is used to account for the acquisition of subsidiaries or businesses by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

#### **Revenue recognition**

Revenue from provision of financial printing services is recognised when the services are provided and the transactions can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

Interest income is recognised on a time-proportion basis using the effective interest method.

#### **Employee benefits**

##### *Short-term employee benefits*

Salaries, bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

##### *Pension schemes*

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") for all of its employees in Hong Kong.

Under the MPF Scheme, contributions of 5% of the employees' relevant income are made by each of the employer and the employees subject to a cap of HK\$1,000. The employer's contributions are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The employer's contributions vest fully with the employees when they are contributed into the MPF Scheme.

The assets of the MPF Scheme are held separately from those of the Group in independently administered funds.

##### *Share-based compensation*

The fair value of the employee services received in exchange for the grant of the shares of companies in the Group is recognised as staff costs in the income statement with a corresponding increase in the share capital and share premium under equity of companies comprising the Group.

*Long service payments*

The Group's net obligation in respect of long service payments to its employees upon the termination of their employment or retirement when the employees fulfill certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that employees have earned in return for their service in the current and prior periods. A provision is made for the estimated liability of long service payments calculated net of expected reduction from benefits available from pension schemes.

**Income taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Periods. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the costs of items of property, plant and equipment on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date. The useful lives are as follows:

Leasehold improvements	2 to 5 years
Furniture and fixtures	2 to 5 years
Office equipment	2 to 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continue use of the assets. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period in which the item is derecognised.

**Operating leases**

Rentals payable under operating leases are recognised in the income statement on a straight-line basis over the terms of the respective leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

**Financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. The accounting policies adopted for specific financial assets and financial liabilities are set out below:

*Trade and other receivables*

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method, where the effect of discounting is material.

Impairment loss on trade and other receivables is recognised in income statement and directly reduce the carrying amount of the financial asset when there is objective evidence that the asset is impaired. Objective evidence of impairment includes significant financial difficulties of the debtors, a breach of contract, probability that the debtors will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the financial asset's effective interest rate computed at initial recognition. Subsequent recoveries of amounts previously impaired are credited to the income statement, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Trade and other payables and amount due to a related company*

Trade and other payables and amount due to a related company are initially measured at fair values and are subsequently measured at amortised cost, using the effective interest method.

*Equity instruments*

Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

*Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received and cumulative gain or loss that had been recognised directly in equity is recognised in income statement.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expired). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in income statement.

**Work in progress**

Work in progress represents costs incurred on uncompleted financial printing projects that comprise of costs of direct materials, subcontractors and labour directly engaged in providing the services and attributable overheads. Work in progress is stated at lower of cost and net realisable value.

**Foreign currencies**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of preparation of the Financial Information, the results and financial position of each entity are presented in Hong Kong dollars ("HKD"), which is the Company's functional currency and presentation currency for the Financial Information.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in income statement.

**Impairment of non-financial assets**

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or previously recognised impairment loss no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income statement.

**Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**Dividends**

Interim dividends are recognised directly as a liability when they are proposed and declared by the directors.

Final dividends proposed by the directors are classified as a separate allocation of retained profits within capital and reserves in the balance sheet. Final dividends are recognised as a liability when they are approved by the shareholders.

**4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgements that have the most significant effect on the amounts recognised in the Financial Information.

**Useful lives of property, plant and equipment**

The Group's 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 plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and keen competitions from competitors. Management will increase the depreciation charge where residual value or useful lives are less than previously estimated, or it will write-off or write-down technically obsolete assets.

**Estimated impairment of trade and other receivables**

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit history of the customers and the current market condition. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Management reassesses the adequacy of impairment on a regular basis. Where the actual cash flows are less than expected, a material impairment loss may arise.

**5. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES****(a) Financial risk management objectives and policies**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and 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 minimise potential adverse effects on the Group's financial performance.

*(i) Currency risk*

The Group carries out certain of its transaction in United States Dollars ("USD") and certain of its bank balances are denominated in USD. As HKD is pegged to USD, the management does not expect any significant movements in the USD/HKD exchange rate and considers the Group does not expose to significant currency risk.

The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

*(ii) Interest rate risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets, mainly the interest bearing bank balances. The management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

At the respective balance sheet dates, a reasonably possible change of 100 basis points in interest rates would have no significant impact on the profits or losses and other equity of the Group for the Relevant Periods.

(iii) *Credit risk*

The Group has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of bank balances, pledged bank deposits, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. In order to minimise the credit risk, the management monitors the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, the management reviews the recoverability of each trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers the Group does not expose to significant credit risk.

The credit risk on bank deposits is limited because the counterparties have high credit ratings. The management does not expect any counterparty to fail to meet its obligations.

(iv) *Liquidity risk*

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash and cash equivalents to meet its liquidity requirements in the short and longer term. The Group's financial liabilities mature in less than one year and most of them are repayable on demand.

(b) **Capital risk management**

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group represents the equity attributable to equity holders of the Company. At 31 December 2005, 2006 and 2007, no external debts are raised by the Group.

The management reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with the capital, and will balance its overall capital structure through the new share issues of the proposed floatation of the Company as well as the raise of bank borrowings.

**6. TURNOVER**

An analysis of the Group's turnover for the Relevant Periods is as follows:

	Year ended 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Financial printing services:			
— Printing and translation	64,326	118,095	274,407
— Advertising	52,621	80,992	95,657
	<u>116,947</u>	<u>199,087</u>	<u>370,064</u>

## 7. SEGMENT INFORMATION

During the Relevant Periods, the Group has one single business segment, namely the provision of financial printing services. Although the financial printing services are currently organised into two revenue divisions of printing and translation, and advertising, the management considers that these revenue divisions are subject to similar risks and returns. Historically, management only relied on the reported revenue associated from these revenue divisions in making financial decisions and allocating resources, and significant costs incurred associated with the revenue generated could not be separately identified in accordance to these revenue divisions. In addition, all of the Group's revenue is generated in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no business or geographical segment information is presented.

## 8. OTHER INCOME AND GAINS

	Year ended 31 December		
	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
Bank interest income	650	1,134	2,736
Gain on disposal of property, plant and equipment	—	—	107
Recovery of bad debts	272	8	—
Exchange gains, net	—	79	17
Others	38	211	304
	<u>960</u>	<u>1,432</u>	<u>3,164</u>

## 9. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense has been arrived at after charging:

	Year ended 31 December		
	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
Depreciation of property, plant and equipment	939	958	1,451
Auditor's remuneration	68	60	250
Loss on disposal of property, plant and equipment	3	15	—
Loss on deemed disposal of a subsidiary*	—	—	383
Bad debts written off	72	418	116
Exchange losses, net	53	—	—
Staff costs (note 10)	<u>17,620</u>	<u>31,482</u>	<u>89,565</u>

\* It represents the effect on granting of five shares of a subsidiary to a senior management personnel (note 10).

## 10. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December		
	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
Salaries, commissions, bonuses and other allowances	16,964	30,629	83,179
Retirement benefits scheme contributions	656	853	1,386
Share-based compensation benefits	—	—	5,000
	<u>17,620</u>	<u>31,482</u>	<u>89,565</u>



Share-based compensation benefits represent the fair value of five shares of Rich Partners granted to Ms. Chan Yi Mei, Amy, a senior management personnel, as incentives and rewards for her contribution to the Group. The recognition of the share-based compensation benefits reduced the Group's profit for the year ended 31 December 2007 by HK\$5,000,000 and increased the Group's share premium and minority interests at 31 December 2007 by HK\$4,750,000 and HK\$250,000 respectively. The fair value of services received in return for shares granted is measured by reference to the fair value of shares granted, which is measured based on the professional valuation dated 19 December 2007 prepared under the market approach by an independent firm of professional valuers registered in Hong Kong. The details of the independent firm of professional valuers are as follows:

Name: LCH (Asia-Pacific) Surveyors Limited

Address: 17th Floor, Champion Building, 287-291 Des Voeux Road Central, Hong Kong

Qualification: Independent Professional Business and Financial Services Valuer

# 11. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

## (a) Directors' emoluments

The aggregate amounts of the emoluments paid and payable to the directors of the Company by the companies now comprising the Group during the Relevant Periods are as follows:

	Year ended 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Fees	—	—	—
Salaries, commissions and other allowances	792	919	1,292
Bonuses	—	1,716	15,380
Retirement benefits scheme contributions	12	12	16
	<u>804</u>	<u>2,647</u>	<u>16,688</u>

The remuneration of each of the directors during the Relevant Periods is as follows:

	Fees	Salaries, commissions and other allowances	Bonuses	Retirement benefits scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended 31 December 2005</b>					
<i>Executive directors</i>					
Chiu Hok Yu	—	792	—	12	804
Ng Wing Mee, Denise	—	—	—	—	—
	<u>—</u>	<u>792</u>	<u>—</u>	<u>12</u>	<u>804</u>

	Fees HK\$'000	Salaries, commissions and other allowances HK\$'000	Bonuses HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
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**Year ended 31 December 2006***Executive directors*

Chiu Hok Yu	—	919	1,716	12	2,647
Ng Wing Mee, Denise	—	—	—	—	—
	<u>—</u>	<u>919</u>	<u>1,716</u>	<u>12</u>	<u>2,647</u>

	Fees HK\$'000	Salaries, commissions and other allowances HK\$'000	Bonuses HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
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**Year ended 31 December 2007***Executive directors*

Chiu Hok Yu	—	1,012	6,334	12	7,358
Ng Wing Mee, Denise	—	280	9,046	4	9,330
	<u>—</u>	<u>1,292</u>	<u>15,380</u>	<u>16</u>	<u>16,688</u>

**(b) Five highest paid employees' emoluments**

The five highest paid individuals for the Relevant Periods included 1 director for each of the two years ended 31 December 2005 and 2006, and 2 directors for the year ended 31 December 2007, whose emoluments are included in the disclosure in (a) above. The emoluments of the remaining individuals for the Relevant Periods were as follows:

	<b>Year ended 31 December</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	HK\$'000	HK\$'000	HK\$'000
Salaries, commissions and other allowances	2,212	9,624	12,048
Bonuses	—	1,210	7,975
Retirement benefits scheme contributions	48	48	36
Share-based compensation benefits	—	—	5,000
	<u>2,260</u>	<u>10,882</u>	<u>25,059</u>

Their emoluments were within the following bands:

	Year ended 31 December		
	2005 <i>No. of employees</i>	2006 <i>No. of employees</i>	2007 <i>No. of employees</i>
HK\$			
Nil-1,000,000	4	1	—
1,500,001-2,000,000	—	1	—
2,000,001-2,500,000	—	1	—
4,500,001-5,000,000	—	—	1
5,000,001-5,500,000	—	—	1
6,000,001-6,500,000	—	1	—
15,000,001-15,500,000	—	—	1
	<u>4</u>	<u>1</u>	<u>1</u>

During the Relevant Periods, no remuneration has been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office. No directors have waived any remuneration during the Relevant Periods.

## 12. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 17.5% of the estimated assessable profit for the Relevant Periods.

	Year ended 31 December		
	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current tax			
— Hong Kong profits tax	5,430	9,191	19,815
Deferred tax ( <i>note 24</i> )	—	(37)	356
	<u>5,430</u>	<u>9,154</u>	<u>20,171</u>

The income tax expense for the Relevant Periods can be reconciled to the profit before income tax expense per combined income statements as follows:

	Year ended 31 December		
	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit before income tax expense	29,869	57,252	109,617
Tax at the domestic income tax rate of 17.5%	5,227	10,019	19,183
Tax effect of income not subject to tax ( <i>note a</i> )	(114)	(198)	(495)
Tax effect of expenses not deductible for tax purpose ( <i>note b</i> )	117	6	1,350
Tax effect of temporary difference not recognised	—	(500)	500
Over/(under) provision of income tax expense	—	27	(367)
Tax effect of tax loss not recognised	200	—	—
Utilisation of tax loss previously not recognised	—	(200)	—
Income tax expense	<u>5,430</u>	<u>9,154</u>	<u>20,171</u>

*Notes:*

- (a) Income not subject to tax mainly represented tax effect of bank interest income.
- (b) Expenses not deductible for tax purpose mainly represented tax effect of legal and professional fee and share-based compensation expense.

### 13. DIVIDENDS

	Year ended 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Dividends	18,000	37,254	80,206

No dividend has been paid by the Company. Dividends disclosed during the Relevant Periods represent dividends declared by the companies comprising the Group to their then shareholders prior to Reorganisation.

The rates of dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

Dividend payable at 31 December 2007 was fully settled before the date of this report.

### 14. EARNINGS PER SHARE

The calculation of the basic earnings per share for the Relevant Periods is based on the profit attributable to equity holders of the Company for each of the Relevant Periods and on the assumption that 200,000,000 shares had been in issue throughout the Relevant Periods, comprising 30,000,000 shares in issue as at the date of this prospectus and 170,000,000 shares to be issued pursuant to the capitalisation issue, as described under the paragraph headed "Resolutions in writing of all Shareholders passed on 25 June 2008" in Appendix V to the Prospectus.

No diluted earnings per share are presented as there are no potential dilutive ordinary shares outstanding during the Relevant Periods.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>				
At 1 January 2005	1,400	2,414	963	4,777
Additions	263	296	88	647
Disposals	—	(64)	(21)	(85)
At 31 December 2005	1,663	2,646	1,030	5,339
Additions	180	443	85	708
Disposals	—	(428)	(39)	(467)
At 31 December 2006	1,843	2,661	1,076	5,580
Additions	2,933	1,932	902	5,767
Disposals	—	(615)	(187)	(802)
At 31 December 2007	4,776	3,978	1,791	10,545
<b>Accumulated depreciation</b>				
At 1 January 2005	256	1,512	321	2,089
Provided for the year	333	427	179	939
Eliminated on disposals	—	(64)	(18)	(82)
At 31 December 2005	589	1,875	482	2,946
Provided for the year	369	395	194	958
Eliminated on disposals	—	(419)	(33)	(452)
At 31 December 2006	958	1,851	643	3,452
Provided for the year	676	531	244	1,451
Eliminated on disposals	—	(522)	(122)	(644)
At 31 December 2007	1,634	1,860	765	4,259
<b>Net book values</b>				
At 31 December 2005	1,074	771	548	2,393
At 31 December 2006	885	810	433	2,128
At 31 December 2007	3,142	2,118	1,026	6,286

## 16. TRADE RECEIVABLES

The Group generally allows a credit period of 30 days to its customers. The aged analysis of trade receivables, based on invoice due date, is as follows:

	At 31 December		
	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
Current — neither past due nor impaired	7,029	51,457	34,475
1 — 90 days past due	14,170	12,147	27,711
91 — 180 days past due	2,356	3,596	3,936
181 — 365 days past due	1,318	4,312	5,574
Over 365 days past due	3	122	160
Amounts past due but not impaired	17,847	20,177	37,381
	<u>24,876</u>	<u>71,634</u>	<u>71,856</u>

Receivables that were neither past due nor impaired related to customers for whom there was no default. Receivables that were past due but not impaired related to customers that have good creditworthiness. Based on past experience, the management considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable.

## 17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 31 December		
	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
Rental and utility deposits	1,894	3,252	3,292
Prepaid expenses	195	161	1,156
Other deposits paid	315	763	653
Rebate receivable	—	—	1,378
Others	112	123	430
	<u>2,516</u>	<u>4,299</u>	<u>6,909</u>

## 18. PLEDGED BANK DEPOSIT

Pledged bank deposit represents deposit pledged to bank to secure general banking facilities granted to the Group. The pledged bank deposit carry fixed interest on prevailing market rate of 4.25% per annum at 31 December 2007.

## 19. CASH AND CASH EQUIVALENTS

	At 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Cash at bank and on hand	3,381	8,807	6,796
Term deposits with original maturities of three months or less	19,090	22,208	91,120
Term deposits with original maturities of over three months	—	—	7,307
Cash and cash equivalents in the combined balance sheets	22,471	31,015	105,223
Less: Fixed deposits with original maturities of over three months	(—)	(—)	(7,307)
Cash and cash equivalents in the combined cash flows statements	22,471	31,015	97,916

The fixed deposits with original maturities of three months or less carry fixed interest on prevailing market rates ranging from 3.82% to 8.81% per annum, 3.70% to 5.15% per annum and 2.23% to 4.66% per annum at 31 December 2005, 2006 and 2007 respectively.

The fixed deposits with original maturities of over three months carry fixed interest on prevailing market rates ranging from 3.42% to 4.55% per annum at 31 December 2007.

## 20. TRADE PAYABLES

The Group normally receives credit terms of 30 days to 60 days from its suppliers. The aged analysis of the Group's trade payables, based on invoice due date, is as follows:

	At 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Current	5,187	16,370	5,856
1 — 90 days past due	7,851	10,769	2,969
91 — 180 days past due	101	85	99
181 — 365 days past due	55	191	45
Over 365 days past due	110	113	2
	13,304	27,528	8,971

## 21. OTHER PAYABLES AND ACCRUALS

	At 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Advance from customers	561	995	2,590
Accrued salaries, bonuses and staff benefits	1,391	8,269	33,849
Accrued sales commission	499	2,986	6,373
Accrued office expenses and others	2,328	2,191	3,522
	4,779	14,441	46,334

## 22. AMOUNT DUE TO A RELATED COMPANY

Name of related company	At 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Sing Kee Printing Factory Limited ("Sing Kee")	4,160	5,624	10,204

Mr. Ip Mo Leung, Gary (spouse of Ms. Ng Wing Mee, Denise) and Ms. Ng Wing Mee, Denise, through Gold Fortune Investments Limited (owned as to 50% owned by Mr. Ip Mo Leung, Gary and as to 50% owned by Ms. Ng Wing Mee, Denise), own approximately 60.89% shareholding interest in Brilliant Eagle, the ultimate holding company and one of the Controlling Shareholders of the Group. Further, Sing Kee is owned by Mr. Yip Sing Lam (father-in-law of Ms. Ng Wing Mee, Denise), Mr. Ip Mo Leung, Gary, Mr. Ip See Yuen (brother-in-law of Ms. Ng Wing Mee, Denise) and Mr. Yip King Man (cousin-in-law of Ms. Ng Wing Mee, Denise) as to 51%, 24%, 24% and 1%, respectively. Therefore, Sing Kee is an associate of Ms. Ng Wing Mee, Denise and Brilliant Eagle and is therefore a connected person/related party of the Company.

The balance is of trade nature and unsecured, interest-free and repayable on demand.

The aged analysis of the amount due to a related company, based on invoice due date, is as follows:

	At 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Current	610	1,825	5,446
1 — 90 days past due	3,419	3,799	4,758
91 — 180 days past due	131	—	—
	<u>4,160</u>	<u>5,624</u>	<u>10,204</u>

## 23. DEFERRED INCOME

Deferred income represents the aggregate benefit of incentives, including cash allowance and rent-free period, for the agreement of a new operating lease provided by the lessor to the Group during the Relevant Periods. It is recognised as a reduction of rental expense in the income statement over the lease terms of 6 years on a straight-line basis. At 31 December 2005, 2006 and 2007, an amount of HK\$911,000, HK\$789,000 and HK\$972,000, respectively, was to be recognised in the income statement in the next twelve months and grouped under current liabilities.

## 24. DEFERRED TAX LIABILITIES

Deferred tax liabilities recognised in the balance sheets and movement during the Relevant Periods are as follows:

	Accelerated tax depreciation HK\$'000
At 1 January 2005 and 31 December 2005	187
Credit to income statement	<u>(37)</u>
At 31 December 2006	150
Charge to income statement	<u>356</u>
At 31 December 2007	<u>506</u>



**25. SHARE CAPITAL**

The Company was incorporated in Bermuda on 24 January 2008 with an authorised share capital of HK\$10,000 divided into 1,000,000 shares of HK\$0.01 each. A total of 10,000 shares were allotted and issued to the subscribers on 28 February 2008. Further details on the Company's share capital are set out in the paragraph headed "Further information about the Company" in Appendix V to the Prospectus.

For the purpose of this report, the share capital of the Group as at 31 December 2005 and 2006 represented the nominal value of the issued share capital of iOne FPL. On 1 January 2007, Rising Win acquired the entire share capital of iOne FPL at an aggregate consideration of HK\$10,000,000 and Miracle View acquired the entire issued share capital of Rising Win on the same date. The share capital of the Group as at 31 December 2007 represented the nominal value of the issued share capital of Miracle View.

**26. OPERATING LEASES****The Group as lessee**

During the Relevant Periods, the Group had minimum lease payments paid under operating leases in respect of office premises and office equipment as follows:

	<b>Year ended 31 December</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Office premises	2,399	2,782	6,306
Office equipment	1,402	1,605	1,758
	<u>3,801</u>	<u>4,387</u>	<u>8,064</u>

At the respective balance sheet dates, the Group had commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>At 31 December</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	4,991	7,930	10,102
In the second to fifth years inclusive	15,295	26,120	17,069
	<u>20,286</u>	<u>34,050</u>	<u>27,171</u>

The Group leases a number of office premises and office equipment under operating leases. The leases generally run for an initial period of one to six years, with an option to renew the leases when all terms are renegotiated. None of the leases includes contingent rentals.

**27. RELATED PARTY TRANSACTIONS**

During the Relevant Periods, the Group had the following significant transactions with related parties, which will continue after the listing of shares of the Company on the Stock Exchange.

**Continuing transactions**

	Year ended 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Printing charges to Sing Kee	5,641	13,282	24,293

Mr. Ip Mo Leung, Gary (spouse of Ms. Ng Wing Mee, Denise) and Ms. Ng Wing Mee, Denise, through Gold Fortune Investments Limited (owned as to 50% owned by Mr. Ip Mo Leung, Gary and as to 50% owned by Ms. Ng Wing Mee, Denise), own approximately 60.89% shareholding interest in Brilliant Eagle, the ultimate holding company and one of the Controlling Shareholders of the Group. Further, Sing Kee is owned by Mr. Yip Sing Lam (father-in-law of Ms. Ng Wing Mee, Denise), Mr. Ip Mo Leung, Gary, Mr. Ip See Yuen (brother-in-law of Ms. Ng Wing Mee, Denise) and Mr. Yip King Man (cousin-in-law of Ms. Ng Wing Mee, Denise) as to 51%, 24%, 24% and 1%, respectively. Therefore, Sing Kee is an associate of Ms. Ng Wing Mee, Denise and Brilliant Eagle and is therefore a connected person/related party of the Company.

The directors of the Company represented that the above transactions were carried out on normal commercial terms and in the ordinary course of business.

**Compensation of key management personnel**

The remuneration of directors and other members of key management during the Relevant Periods were as follows:

	Year ended 31 December		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
Salaries, commissions and other allowances	2,128	8,972	9,236
Bonuses	—	2,524	23,334
Retirement benefits scheme contributions	38	48	52
Share-based compensation benefits	—	—	5,000
	<u>2,166</u>	<u>11,544</u>	<u>37,622</u>

The remuneration of directors and key management is determined by having regard to the performance of individuals and market trends.

Details of the Group's balance with related party are disclosed in note 22 to the Financial Information.

**B. ULTIMATE HOLDING COMPANY**

As at 31 December 2007, the ultimate holding company of the Company was Brilliant Eagle, a company incorporated in BVI with limited liability.

**C. DIRECTORS' REMUNERATION**

Save as disclosed in this report, no remuneration has been paid or is payable by the Group to the Company's directors in respect of the Relevant Periods.

Under the arrangements presently in force, the aggregate emoluments of the Company's directors for the year ending 31 December 2008 is approximately HK\$3,700,000.

**D. SUBSEQUENT EVENTS**

On 24 January 2008, the Company was incorporated with an authorised share capital of HK\$10,000 divided into 1,000,000 shares of HK\$0.01 each. A total of 10,000 shares were allotted and issued to the subscribers on 28 February 2008. Further details on the Company's share capital are set out in the paragraph headed "Further information about the Company" in Appendix V to the Prospectus.

On 28 February 2008, the Group entered into a sale and purchase agreement with the beneficial owner of the minority shareholder of Rich Partners to acquire the remaining 5% equity interests in Rich Partners. As a result, Rich Partners became a wholly-owned subsidiary of the Company.

On 25 June 2008, shareholders' resolutions of the Company were passed to approve the matters set out in the paragraph headed "Resolutions in writing of all Shareholders passed on 25 June 2008" in Appendix V to the Prospectus.

**E. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2007.

Yours faithfully,  
**BDO McCabe Lo Limited**  
*Certified Public Accountants*  
Hong Kong  
**Lee Ka Leung, Daniel**  
*Practising Certificate Number P01220*

*The information set out in this appendix does not form part of the accountants' report received from BDO McCabe Lo Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company as set out in Appendix I to this prospectus, and is included herein for information only.*

*The unaudited pro forma financial information set out below should be read in conjunction with the section headed "Financial information" of this prospectus and the accountants' report on the Company set out in Appendix I to this prospectus.*

#### A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets of the Group is prepared based on the audited combined net tangible assets of the Group as at 31 December 2007, as shown in the accountants' report, the text of which is set out in Appendix I to this prospectus and adjusted as described below.

The unaudited pro forma adjusted net tangible assets has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules, is set out here to illustrate the effect of the Share Offer on the net tangible assets of the Group as at 31 December 2007 as if it had taken place on 31 December 2007. This unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Group.

	Audited combined net tangible assets attributable to equity holders of the Company as at 31 December 2007 HK\$'000 (Note a)	Add: Estimated net proceeds from Share Offer HK\$'000 (Note b)	Unaudited pro forma adjusted net tangible assets HK\$'000	Unaudited pro forma adjusted net tangible assets per Share HK\$ (Note c)
Based on an Offer Price per Offer Share of HK\$1.60	36,701	40,500	77,201	0.34

*Notes:*

- (a) The audited combined net tangible assets attributable to the equity holders of the Company as at 31 December 2007 is extracted from the accountants' report set out in Appendix I to this prospectus.
- (b) The estimated net proceeds from the Share Offer are based on 30,000,000 Offer Shares at the offer price of HK\$1.60 per Offer Share, after deduction of the underwriting fees and other related expenses payable by the Company in respect of the Share Offer.
- (c) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in this section and on the basis of 230,000,000 Shares to be in issue immediately following completion of the Share Offer.

**B. UNAUDITED PRO FORMA EARNINGS PER SHARE**

The unaudited pro forma earnings per Share has been prepared, on the basis of the notes set out below, to illustrate the effect of the Share Offer on the Group's earnings per Share for the year ended 31 December 2007 as if it had taken place on 1 January 2007. It has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the earnings per share of the Group.

Audited combined profit attributable to equity holders of the Company for the year ended 31 December 2007 ( <i>Note 1</i> )	HK\$87,359,000
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Unaudited pro forma earnings per Share ( <i>Note 2</i> )	HK\$0.38
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*Notes:*

- (1) The audited combined profit for the year ended 31 December 2007 attributable to equity holders of the Company is extracted from the accountants' report set out in Appendix I to this prospectus.
- (2) The calculation of the unaudited pro forma earnings per Share is based on the combined profit attributable to equity holders of the Company for the year ended 31 December 2007, assuming that the Company had been listed since 1 January 2007 and a total of 230,000,000 Shares were issued and outstanding during the year ended 31 December 2007.

**C. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from BDO McCabe Lo Limited in connection with the unaudited pro forma financial information.*



**BDO McCabe Lo Limited**  
Certified Public Accountants  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong  
Telephone: (852) 2541 5041  
Telefax: (852) 2815 0002

德豪嘉信會計師事務所有限公司  
香港干諾道中一百一十一號  
永安中心二十五樓  
電話:(八五二)二五四一 五〇四一  
傳真:(八五二)二八一五 〇〇〇二

30 June 2008

The Directors  
iOne Holdings Limited  
Baron Capital Limited  
Sun Hung Kai International Limited

Dear Sirs,

We report on the unaudited pro forma financial information of iOne Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the share offer might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated 30 June 2008 (the "Prospectus"). The basis of preparation of the unaudited pro forma financial information is set out on sections A and B of Appendix II to the Prospectus.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE REPORTING ACCOUNTANTS**

It is the responsibility solely of the Directors to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "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 (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the 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 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. 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. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited pro forma 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 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 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the Directors, 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 31 December 2007 or any future date; and
- the earnings per share of the Group for the year ended 31 December 2007 or any future periods.

**OPINION**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors 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 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,  
**BDO McCabe Lo Limited**  
*Certified Public Accountants*  
**Lee Ka Leung, Daniel**  
Practising Certificate Number P01220  
Hong Kong

*The following is the text of a letter, summary of values and valuation certificate received from Midland Surveyors Limited, an independent valuer, in connection with its valuation as at 31 May 2008 of the property interests of the Group in Hong Kong.*

**Midland Surveyors Limited****美聯測量師有限公司**

Room 2505-8, 25/F  
World-Wide House  
19 Des Voeux Road  
Central, Hong Kong  
Tel: 2801 4930  
Fax: 2530 1357

30 June 2008

The Directors  
iOne Holdings Limited

Dear Sirs,

We refer to your instruction for us to value the property interests (as shown on the attached summary of values and valuation certificates as Property Nos. 1 to 3) rented by iOne Holdings Limited and its wholly-owned subsidiaries (collectively the "Group") in Hong Kong. We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 31 May 2008 (the "Valuation Date").

#### **BASIS OF VALUATION**

Our valuation of these property interests is our opinion of their market value of which we would define as meaning "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."

#### **OPINION OF VALUE**

In respect of Property Nos. 1 to 3 which are rented and occupied by the Group in Hong Kong under respective leases/tenancy agreements, we are of the opinion that they have no commercial value due to their short term nature and/or the prohibition against their assignment and/or sub-letting, and hence, their lack of substantial profit rent.



**TITLE INVESTIGATION**

For Property Nos. 1 to 3, we have been provided with a copy of the lease/tenancy agreement for each of them. We have conducted searches at the Land Registry in Hong Kong. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the above copies handed to us.

**VALUATION ASSUMPTIONS AND CONSIDERATION**

Our valuation has been made on the assumption that the property interests are sold in the market in their existing state without the effect of deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which might serve to affect the values of the property interests.

Other special assumptions for each of the properties, if any, have been stated in the footnotes of the valuation certificate for the respective properties.

We have inspected Property Nos. 1 to 3. As no structural survey has been taken in Property Nos. 1 to 3, we are, therefore, unable to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services in these properties.

We have not carried out on-site measurements to verify the correctness of the floor areas in respect of these properties but have assumed that the floor areas supplied by the Group to us are correct. Based on our experience in the valuation of similar properties, we consider the assumptions so made reasonable. All documents and contracts are used for reference only and all dimensions, measurements and areas are approximations.

Having examined all relevant documents, we have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, rentals, licenses, site and floor areas and in the identification of those properties in which the Group has valid interest.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. It is also assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought and received confirmation from the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities on the Main Board issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

#### REMARKS

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars.

Unless otherwise defined, terms used in this letter, our Summary of Values and Valuation Certificate have the meanings as ascribed thereto in the prospectus of the Group.

Our valuation is summarised below in the summary of values and the valuation certificate in respect of the property interests are attached.

Yours faithfully,  
For and on behalf of  
**Midland Surveyors Limited**  
**Jackson J.S. Lai**  
BSc MBA MHKIS MRICS RPS(GP)  
*Director*

*Note:* Jackson J.S. Lai is a Chartered Surveyor who has 27 years experience in the valuation of properties in Hong Kong, the PRC and the Asia-Pacific region.

## SUMMARY OF VALUES

## Property interest rented and occupied by the Group in Hong Kong

Property	Interest attributable to the Group	Market value in existing state as at 31 May 2008 HK\$
1. Suites 1506–1510 on the 15th Floor of Chater House No. 8 Connaught Road Central Hong Kong	100%	No commercial value
2. Eleventh Floor, Chuang's Tower Nos. 30–32 Connaught Road Central Hong Kong	100%	No commercial value
3. 7th Floor (Except Common Areas) Wheelock House, No. 20 Pedder Street Central, Hong Kong	100%	No commercial value
		No commercial value
		No commercial value
Grand total		No commercial value

## VALUATION CERTIFICATE

## Property interest rented and occupied by the Group in Hong Kong

Property	Description	Particulars of occupancy	Market value in existing state as at 31 May 2008 HK\$
1. Suites 1506-1510 on the 15th Floor of Chater House, No. 8 Connaught Road Central, Hong Kong	<p>Property No.1 comprises five contiguous office units on the 15th floor of a commercial/office building known as Chater House which was completed in 2002.</p> <p>Bounded by Chater Road, Pedder Street and Connaught Road Central in Central, Chater House has 30 storeys. The lower three floors and the three-level basement floors are devoted to commercial uses and car parking uses respectively and the remaining upper floors are for office uses.</p> <p>According to information from the Group, Property No.1 has a net floor area of approximately 9,170 sq.ft. (i.e. approximately 851.91 sq.m.).</p>	As at the Valuation Date, Property No. 1 is occupied by the Group for office purpose.	No Commercial Value

*Notes:*

1. According to the Land Registry records, the registered owner of Property No. 1 is HKL (Chater House) Limited, an independent third party according to the Group.
2. According to the information from the Group, Property No. 1 is subject to a lease dated 17 November 2003, salient particulars of which are as follows:
  - (i) Landlord: HKL (Chater House) Limited
  - (ii) Tenant: iOne Financial Press Limited
  - (iii) Term: From 1 December 2003 to 30 November 2009
  - (iv) Rent: HK\$274,530.00 per calendar month (exclusive of rates, taxes, stamp duties, management fees and all utility charges) starting from 1 October 2004.
  - (v) Review Dates: Nil

- (vi) Restriction on Alienation: The Tenant must not mortgage, charge or grant a security interest over, nor enter into a declaration of trust of, Property 1, nor assign or underlet Property 1, nor share or part with the possession or occupation of Property 1 subject to the following clause: Subsidiaries, holding companies, and subsidiary companies of those holding companies (as defined in the Companies Ordinance (Cap. 32)) of the Tenant may share possession of Property 1 so long as no interest in land is transferred or created and the Landlord is first notified of the identity of all these occupiers.
- (vii) User: Office use only.
3. According to the Group, iOne Financial Press Limited is a wholly-owned subsidiary of the Group.
4. Property No.1 is erected on All That pieces or parcels of land registered in the Land Registry as Marine Lot Nos. 287 and 288, which are held under Government Leases for a term of 999 years commencing on 24 December 1901 at a rent of HK\$460.00 per annum and 18 July 1899 at a rent of HK\$226.00 per annum respectively.
5. In view that Property No. 1 is rented and occupied by the Group under lease, we are of the opinion that it has no commercial value due to its short term nature and prohibition against its assignment and/or sub-letting, and hence, its lack of substantial profit rent.

	Property	Description	Particulars of occupancy	Market value in existing state as at 31 May 2008 HK\$
2.	Eleventh Floor, Chuang's Tower, Nos. 30-32 Connaught Road Central, Hong Kong	<p>Property No. 2 comprises the whole of the office units on the 11th floor of a commercial/office building known as Chuang's Tower which was completed in about 1973.</p> <p>Located between Wing Lung Bank Building and AIE Building on Connaught Road Central in Central, Chuang's Tower is a 21-storey commercial building. The lower ground floor and the upper ground floor are devoted to commercial uses and the remaining floors are for office uses.</p> <p>According to information from the Group, Property No. 2 has a gross floor area of approximately 2,321 sq.ft. (i.e. approximately 215.63 sq.m.).</p>	As at the Valuation Date, Property No. 2 is occupied by the Group for office purpose.	No commercial value

*Notes:*

1. According to the Land Registry records, the registered owner of Property No. 2 is Koledo Company Limited, an independent third party according to the Group.
2. According to the information from the Group, Property No. 2 is subject to a tenancy agreement dated 7 December 2005, salient particulars of which are as follows:
  - (i) Landlord: Koledo Company Limited
  - (ii) Tenant: iOne (Regional) Financial Press Limited
  - (iii) Term: Three (3) years commencing from 1 November 2005 and expiring on 31 October 2008 (both days inclusive).
  - (iv) Rent: HK\$38,296.50 per calendar month (exclusive of Government rates, tax, stamp duties, Government rent, management fees and air-conditioning charges and all utility charges) with a rent free period from 1 November 2007 to 30 November 2007 (both days inclusive) (the "Rent Free Period").
  - (v) Restriction on Alienation: The Tenant agrees with the Landlord not to transfer, assign, sublet, underlet, share nor lend nor otherwise part with the possession of Property 2 by subletting, lending, sharing or other means whereby any person not a party to this Agreement obtains the use or possession of Property 2 irrespective of whether any rental or other consideration is given for such use or possession.
  - (vi) User: For commercial purpose as office only.

3. According to the Group, iOne (Regional) Financial Press Limited is a wholly-owned subsidiary of the Group.
4. Property No. 2 comprises all those 10/272nd equal and undivided parts or shares of and in All Those pieces or parcels of land registered in the Land Registry as Marine Lot Nos. 375, 376 and 410, which are all held under Government Leases for a term of 999 years from 16 October 1900. Marine Lot No.376 is subject to a rent of HK\$26.00 per annum and Marine Lot Nos. 375 and 410 are each subject to a rent of HK\$22.00 per annum.
5. In view that Property No. 2 is rented and occupied by the Group under tenancy agreement, we are of the opinion that it has no commercial value due to its short term nature and prohibition against its assignment and/or sub-letting, and hence, its lack of substantial profit rent.

	Property	Description	Particulars of occupancy	Market value in existing state as at 31 May 2008 HK\$
3.	7th Floor (Except Common Areas), Wheelock House, No. 20 Pedder Street, Hong Kong	<p>Property No. 3 comprises the whole of the 7th floor (except common area) of a commercial/ office building known as Wheelock House which was completed in about 1984.</p> <p>Located at the junction between Pedder Street and Des Voeux Road Central in Central, the Wheelock House has 25 storeys. The basement floor and the lower three floors are devoted to commercial uses and the remaining upper floors are for office uses.</p> <p>Property No. 3 has a gross floor area of approximately 9,277 sq.ft. (i.e. approximately 861.85 sq.m.).</p>	As at the Valuation Date, Property No. 3 is occupied by the Group for office purpose.	No commercial value

*Notes:*

1. According to the Land Registry records, the registered owner of Property No. 3 is Marnav Holdings Limited, an independent third party according to the Group.
2. According to the information from the Group, Property No. 3 is subject to a lease dated 11 January 2007, salient particulars of which are set out as follows:
  - (i) Landlord: Marnav Holdings Limited
  - (ii) Tenant: iOne Financial Press Limited
  - (iii) Term: 4 years commencing from 22 December 2006 and expiring on 21 December 2010
  - (iv) Rent: HK\$375,718.50 per calendar month (exclusive of service fee, government rates and other charges) from 22 December 2006 to 21 December 2008 and HK\$384,995.50 per calendar month (exclusive of service fee, government rates and other charges) from 22 December 2008 to 21 December 2010. (Such rent shall be exclusive of service fee, rates, taxes and utility charges, etc.)
  - (v) Restriction on Alienation: The Tenant agrees with the Landlord not to assign, underlet or part with the possession of or transfer Property 3 or any part thereof or any interest therein nor permit or suffer any arrangement or transaction whereby any person who is not a party to the lease obtains the use, possession, occupation or enjoyment of Property 3 irrespective of whether any rental or other consideration is given therefor.
  - (vi) User: As an office only.



3. According to the Group, iOne Financial Press Limited is a wholly-owned subsidiary of the Group.
4. Property No. 3 comprises all those 300/11022th equal and undivided parts or shares in All Those pieces or parcels of land registered in the Land Registry as Section A, Section C & The Remaining Portion of Marine Lot No. 99 and Section A, Section B and The Remaining Portion of Marine Lot No. 100, which are all held under Government Leases for a term of 999 years commencing from 16 November 1855. Section C of Marine Lot No. 99 is subject to a rent of HK\$26.00 per annum. The Remaining Portion of Marine Lot No. 99 is subject to a rent of HK\$4.00 per annum, Section A of Marine Lot No. 100 is subject to a rent of HK\$50.00 per annum. Section B of Marine Lot No.100 is subject to a rent of HK\$106.00 per annum and The Remaining Portion of Marine Lot No. 100 is subject to a rent of HK\$10.00 per annum.
5. In view that Property No. 3 is rented and occupied by the Group under lease, we are of the opinion that it has no commercial value due to its short term nature and prohibition against its assignment and/or sub-letting, and hence, its lack of substantial profit rent.

*Set out below is a summary of certain provisions of the Memorandum, the Bye-laws and of certain aspects of Bermuda company law.*

## **1. MEMORANDUM OF ASSOCIATION**

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 Company is an exempted company as defined in the Companies Act. The Memorandum also sets out the objects for which the Company was formed which are unrestricted and that the Company has the capacity, rights, powers and privileges of a natural person. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act, the Memorandum empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the Board of Directors (the “board”) upon such terms and subject to such conditions as it thinks fit.

## **2. BYE-LAWS**

The Bye-laws were adopted on 25 June 2008. The following is a summary of certain provisions of the Bye-laws:

### **(a) Directors**

#### *(i) Power to allot and issue shares and warrants*

Subject 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 Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the Memorandum, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution determine. 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 Act, the Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Bye-laws) 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 of its subsidiaries*

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

*Note:* 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 Bye-laws or the Companies Act to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

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 no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed "Bermuda Company Law" in this Appendix.

(v) *Financial assistance to purchase shares of the Company*

Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards, provided that the Bye-laws shall not prohibit transactions permitted under the Companies Act.

(vi) *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 auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may be or become a director or other officer of, or a member of, 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 Bye-laws, 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 Act and to the Bye-laws, no Director or proposed or intending 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 realised 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;
- (ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
- (ff) 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.

*(vii) Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (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 incurred or expected to be 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 provided for by or pursuant to any other Bye-law. A 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 dependants 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 dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants 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.

*(viii) 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 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.

*Note:* 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, subject to authorisation by the members in general meeting, as an addition to the existing board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. 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) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director 14 days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. 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 unless otherwise determined from time to time by members of the Company.

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 (subject to their continuance as Directors) and upon such terms as the board may determine and the board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). 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.

*(ix) Borrowing powers*

The board may from time to time at its discretion 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 Act, 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 Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

**(b) Alterations to constitutional documents**

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum, to confirm any such rescission, alteration or amendment to the Bye-laws 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 Act:

- (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 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;
- (v) change the currency denomination of its share capital;



- (vi) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (vii) 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, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or, save for the use of share premium as expressly permitted by the Companies Act, any share premium account or other undistributable reserve.

**(d) Variation of rights of existing shares or classes of shares**

Subject to the Companies Act, 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 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 Bye-laws relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a member being a corporation, its duly authorised representative) 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 in the case of a member being a corporation, its duly authorised representative) 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 on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

**(e) Special resolution-majority required**

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 authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, 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 95 per cent 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 less than 21 clear days' notice has been given.

**(f) Voting rights (generally and on a poll) and rights to demand a poll**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a show of hands, every member who is present in person (or being a corporation, is present by its duly authorised representative) or by proxy shall have one vote and on a poll every member present in person or by proxy or, being a corporation, by its duly authorised 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.

Notwithstanding anything contained in the Bye-laws, where more than one proxy is appointed by a member which is a clearing house (as defined in the Bye-laws) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, 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 on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (as defined in the Bye-laws) or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by (i) the chairman of the meeting or (ii) at least three members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting or (iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or (iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right or (v) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such 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 authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised 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 held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including 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 Bye-laws), 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 in which its statutory meeting is convened at such time (within a period of not more than 15 months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws)) 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 provisions of the Companies Act 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, subject to the Companies Act, 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 of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

Subject to the Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and income statement, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least 21 days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company in general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to the compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), 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.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor 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 Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

**(i) Notices of meetings and business to be conducted thereat**

An annual general meeting and any special 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 at least 21 clear days' notice in writing, and any other special general meeting shall be called by at least 14 clear days' notice (in each case exclusive of the day on which the notice is given or deemed to be given and of the day for which it is given or on which it is to take effect). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

**(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 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 Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

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 Bye-laws) 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 an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws), 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 30 days in any year.

**(k) Power for the Company to purchase its own shares**

The Bye-laws supplement the Memorandum (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the board upon such terms and conditions as it thinks fit.

**(l) Power for any subsidiary of the Company to own shares in the Company**

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

**(m) Dividends and other methods of distribution**

Subject to the Companies Act, 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 Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

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 a member by the Company on 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.

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.

**(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. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

**(o) Call on shares and forfeiture of shares**

Subject to the Bye-laws 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 20 per cent. 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 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 20 per cent. per annum as the board determines.

**(p) Inspection of register of members**

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon on every business day by members of the public without charge at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act, unless the register is closed in accordance with the Companies Act.

**(q) Quorum for meetings and separate class meetings**

For all purposes 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 authorised 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.

**(r) Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 4(e) 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.

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 Act, 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**

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (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 Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Bye-laws) 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) Other provisions**

The Bye-laws provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, 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.

The Bye-laws also provide that the Company is required to maintain at its registered office a register of directors and officers in accordance with the provisions of the Companies Act and such register is open to inspection by members of the public without charge between 10:00 a.m. and 12:00 noon on every business day.

**3. VARIATION OF MEMORANDUM AND BYE-LAWS**

The Memorandum may be altered by the Company in general meeting. The Bye-laws may be amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum or to confirm any amendment to the Bye-laws or to change the name of the Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of the Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of 21 clear days' notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.

#### 4. BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

##### (a) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”, to which the provisions of the Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

- (i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;
- (ii) in writing off:
  - (aa) the preliminary expenses of the company; or
  - (bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or
- (iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, 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, and where no provision for varying such rights is made in the memorandum of association or

bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

**(b) Financial assistance to purchase shares of a company or its holding company**

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs.

**(c) Purchase of shares and warrants by a company and its subsidiaries**

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; 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) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

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 Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Companies Act.

**(d) Dividends and distributions**

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

**(e) Protection of minorities**

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case

of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

**(f) Management**

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that 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. Furthermore, the Companies Act requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the bye-laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Companies Act or the bye-laws to be exercised by the members of the company.

**(g) Accounting and auditing requirements**

The Companies Act requires a company to cause proper records of accounts 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.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that

where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarized financial statements instead. The summarized financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Companies Act. The summarized financial statements sent to the company's members must be accompanied by an auditor's report on the summarized financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarized financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than 21 days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within 7 days of receipt by the company of the member's notice of election.

**(h) Auditors**

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than 21 days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than 7 days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within 15 days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

**(i) Exchange control**

An exempted company is usually designated as "non-resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

**(j) Taxation**

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28th March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

**(k) Stamp duty**

An exempted company is exempt from all stamp duties except on transactions involving “Bermuda property”. This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

**(l) Loans to directors**

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a 20 per cent. interest, without the consent of any member or members holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c) any advance of moneys by the company to any officer or auditor under Section 98(2)(c) of the Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

**(m) Inspection of corporate records**

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company’s certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company’s memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company’s audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment



of a fee prescribed by the Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two hours in each day by members of the public without charge. If summarized financial statements are sent by a company to its members pursuant to section 87A of the Companies Act, a copy of the summarized financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

**(n) Winding up**

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. 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. 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.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

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. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make 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 shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

## 5. GENERAL

Conyers Dill & Pearman, the Company's legal advisers on Bermuda law, have sent to the Company a letter of advice summarising certain aspects of Bermuda company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents delivered and available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Bermuda 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.

**FURTHER INFORMATION ABOUT THE COMPANY****Incorporation**

The Company was incorporated in Bermuda as an exempted company under the Companies Act with limited liability on 24 January 2008. The Company has established a place of business in Hong Kong at 7th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong. It was registered on 14 April 2008 with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance. Ms. Chiu Hok Yu and Mr. Ho Ming Fai were appointed as the authorised representatives of the Company for the acceptance of service of process and any notices required to be served on the Company under Section 333 of the Companies Ordinance. As the Company was incorporated in Bermuda, it operates subject to the Companies Act and its constitution comprises the Memorandum and the Bye-laws. A summary of various provisions of the Company's constitution and relevant aspects of the Companies Act is set out in Appendix IV to this prospectus.

**Changes in share capital**

As at the date of incorporation of the Company, its authorised share capital was HK\$10,000 divided into 1,000,000 Shares and a total of 10,000 Shares were allotted and issued nil paid to the following subscribers: Brilliant Eagle (as to 7,200 Shares), Goldfish Ventures Limited (as to 1,200 Shares), New Court Management Inc. (as to 400 Shares), Interasia Ventures Limited (as to 400 Shares), Eternal Fortune Management Limited (as to 400 Shares) and Twin Luck Worldwide Holdings Ltd. (as to 400 Shares), respectively, on 28 February 2008.

On 25 June 2008, the authorised share capital of the Company was increased from HK\$10,000 to HK\$3,000,000 by the creation of an additional 299,000,000 Shares.

Immediately following the completion of the Share Offer and the Capitalisation Issue, the authorised share capital of the Company will be HK\$3,000,000 divided into 300,000,000 Shares and the issued share capital will be HK\$2,300,000 divided into 230,000,000 Shares (each of which will be fully paid or credited as fully paid) with 70,000,000 Shares remaining unissued. Other than the Shares issuable pursuant to the exercise of any options which may fall to be granted under the Share Option Scheme, the Directors have no present intention to issue any part of the authorised but unissued 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.

**Resolutions in writing of all Shareholders passed on 25 June 2008**

Pursuant to the resolutions passed by the Shareholders on 25 June 2008:

- (a) the authorised share capital of the Company was increased from HK\$10,000 to HK\$3,000,000 by the creation of an additional 299,000,000 Shares;

- (b) the offering of the New Shares under the Share Offer was approved and, conditional upon the Company's share premium account being credited as a result thereof, 170,000,000 new Shares be allotted and issued to the then Shareholders in proportion to their then respective shareholdings in the Company by capitalising HK\$1,700,000 standing to the credit of such share premium account;
- (c) conditional on the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme) and on the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms thereof or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreement:
  - (i) the Share Offer was approved and the Directors were authorised to allot and issue the New Shares; and
  - (ii) the rules of the Share Option Scheme were approved and adopted and the Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares with an aggregate nominal value not exceeding 10% of the total nominal value of the share capital of the Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue pursuant to the exercise of any options granted under the Share Option Scheme;
- (d) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Bye-laws, or pursuant to the exercise of any options which may be granted under the Share Option Scheme or pursuant to a specific authority granted by the Shareholders, Shares with an aggregate nominal value not exceeding 20% of the total nominal value of the share capital of the Company in issue immediately following completion of the Share Offer and the Capitalisation Issue, such mandate to remain in effect until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the date by which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; or
  - (iii) the passing of an ordinary resolution by the Shareholders revoking or varying such mandate;

- (e) a general unconditional mandate was given to the Directors to exercise all powers of the Company to repurchase Shares on the Stock Exchange with an aggregate nominal value not exceeding 10% of the total nominal value of the share capital of the Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue, such mandate to remain in effect until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the date by which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; or
  - (iii) the passing of an ordinary resolution by the Shareholders revoking or varying such mandate;
- (f) the extension of the general mandate to allot, issue and deal with Shares to include the nominal amount of the share capital of the Company which is repurchased pursuant to the resolution referred to in paragraph (e) above was approved; and
- (g) the Company approved and adopted its existing Bye-laws.

#### **Corporate reorganisation**

The companies comprising the Group underwent a reorganisation in preparation for the Listing. Following the Reorganisation, the Company became the holding company of the Group.

The corporate reorganisation involved the following:

- (a) On 28 February 2008, Miracle View Group Ltd as purchaser and Ms. Chan Yi Mei, Amy as vendor entered into a sale and purchase agreement, under which five issued ordinary shares of US\$1.00 each in Rich Partners Holdings Limited were transferred to the Group at the total cash consideration of HK\$6,000,000 on 28 March 2008. As a result, Rich Partners Holdings Limited became a wholly-owned subsidiary of the Company.
- (b) On 25 June 2008, in accordance with the sale and purchase agreement dated 25 June 2008 ("Share Swap Agreement") between, inter alia, Brilliant Eagle, Goldfish Ventures Limited, New Court Management Inc., Interasia Ventures Limited, Eternal Fortune Management Limited and Twin Luck Worldwide Holdings Ltd. as vendors on the Company as purchaser and Brilliant Eagle, Ms. Ng Wing Mee, Denise and Ms. Chiu Hok Yu as warrantors all the 100 no par value registered shares of Miracle View

Group Ltd held by such vendors were sold and transferred to the Company; and in exchange for and consideration of such transfer, the Company (i) issued a total of 29,990,000 new Shares, credited as fully paid, to the vendors in proportion to their then respective shareholdings in Miracle View Group Ltd and (ii) credited up the 10,000 nil paid Shares at par then held by them respectively as shown below:

	Shares then held in Miracle View Group Ltd	Shares held after completion of the Share Swap Agreement and as at the date of this prospectus
Brilliant Eagle	72	21,600,000
Goldfish Ventures Limited	12	3,600,000
New Court Management Inc.	4	1,200,000
Interasia Ventures Limited	4	1,200,000
Eternal Fortune Management Limited	4	1,200,000
Twin Luck Worldwide Holdings Ltd.	4	1,200,000

As a result, Miracle View Group Ltd became a wholly-owned subsidiary of the Company.

#### Changes in share capital of the subsidiaries of the Company

The Company's subsidiaries are referred to in the accountants' report, the text of which is set out in Appendix I to this prospectus.

The following alterations in the share capital of the Company's subsidiaries have taken place within the two years preceding the date of this prospectus:

(a) *Miracle View Group Ltd*

- On 1 January 2007, Miracle View Group Ltd allotted and issued 100 no par value registered shares at the issue price of US\$1.00 per share for cash, which were subscribed as to 72 shares by Brilliant Eagle, 12 shares by Goldfish Ventures Limited, 4 shares by New Court Management Inc., 4 shares by Interasia Ventures Limited, 4 shares by Eternal Fortune Management Limited and 4 shares by Twin Luck Worldwide Holdings Ltd.

(b) *Rising Win Ltd*

- On 1 January 2007, one no par value registered share of Rising Win Ltd was issued and allotted to Miracle View Group Ltd at the issue price of US\$1.00 for cash.

(c) *Rich Partners Holdings Limited*

- On 1 January 2007, 94 and 5 ordinary shares of US\$1.00 each in Rich Partners Holdings Limited were issued and allotted to Miracle View Group Ltd and Ms. Chan Yi Mei, Amy, respectively, at par for cash.

(d) *RFP Financial Press Limited*

- On 5 November 2007, one ordinary share of HK\$1.00 in RFP Financial Press Limited was issued and allotted to Miracle View Group Ltd at par for cash.

(e) *RFP Holdings Limited*

- On 5 November 2007, one ordinary share of HK\$1.00 in RFP Holdings Limited was issued and allotted to Miracle View Group Ltd at par for cash.

Save as mentioned herein and in the paragraph headed “Corporate reorganisation” above, there has been no alteration in the share capital of any subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

### **Repurchase by the Company of its own Shares**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions summarized below:

(a) *Shareholder approval*

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(Note: Pursuant to a resolution passed by the Shareholders on 25 June 2008, a general unconditional mandate (the “Buyback Mandate”) was granted to the Directors authorising the repurchase by the Company on the Stock Exchange, or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws to be held or when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.)

(b) *Status of repurchased securities*

The Listing Rules provide that the listing of all repurchased securities is automatically cancelled and that the relative certificates must be cancelled and destroyed as soon as reasonably practicable.

(c) *Reasons for repurchases*

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have a general authority from Shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

(d) *Funding of repurchases*

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Bye-laws and the applicable laws of Bermuda.

The Company shall not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

It is presently proposed that any repurchase of Shares would be made out of capital paid up on the repurchased Shares, funds of the Company which would otherwise be available for dividend or distribution and, in case of the premium payable on such repurchase, from funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account.

The Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

(e) *Share capital*

Exercise in full of the Buyback Mandate, on the basis of 230,000,000 Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue after the Listing, could accordingly result in up to 23,000,000 Shares being repurchased by the Company during the period prior to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws to be held; or
- (iii) the revocation or variation of the Buyback Mandate by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.



(f) *General*

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates, has any present intention 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 Buyback Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

No connected person 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 Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, 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 Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. The Directors are not aware of any consequences which may arise under the Code if the Buyback Mandate is exercised.

## **FURTHER INFORMATION ABOUT THE BUSINESS**

### **Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:



- (a) 6 sets of bought and sold notes and instruments of transfer all dated 1 January 2007 between (a) Brilliant Eagle, (b) Goldfish Ventures Limited, (c) New Court Management Inc., (d) Interasia Ventures Limited, (e) Eternal Fortune Management Limited and (f) Twin Luck Worldwide Holdings Ltd. as sellers and transferors on the one hand and Rising Win Ltd as purchaser and transferee on the other hand, under which the said sellers sold and transferred a total of 10,000,000 shares of HK\$1.00 each in iOne FPL (that is, a total of 10,000,000 shares comprising (a) 7,200,000 shares held by Brilliant Eagle, (b) 1,200,000 shares held by Goldfish Ventures Limited, (c) 400,000 shares held by New Court Management Inc., (d) 400,000 shares held by Interasia Ventures Limited, (e) 400,000 shares held by Eternal Fortune Management Limited and (f) 400,000 shares held by Twin Luck Worldwide Holdings Ltd.) to Rising Win Ltd at par value respectively;

- (b) one share application letter dated 1 January 2007 by Miracle View Group Ltd to Rising Win Ltd in respect of an application for allotment of one no par value share of Rising Win Ltd at US\$1.00;
- (c) six share application letters all dated 1 January 2007 by (a) Brilliant Eagle, (b) Goldfish Ventures Limited, (c) New Court Management Inc., (d) Interasia Ventures Limited, (e) Eternal Fortune Management Limited and (f) Twin Luck Worldwide Holdings Ltd. to Miracle View Group Ltd in respect of application for allotment of a total of 100 no par value shares in Miracle View Group Ltd (that is, as to (a) 72 shares by Brilliant Eagle, (b) 12 shares by Goldfish Ventures Limited, (c) 4 shares by New Court Management Inc., (d) 4 shares by Interasia Ventures Limited, (e) 4 shares by Eternal Fortune Management Limited and (f) 4 shares by Twin Luck Worldwide Holdings Ltd.) at US\$1 each respectively;
- (d) one instrument of transfer dated 1 January 2007 between iOne FPL as transferor and Miracle View Group Ltd as transferee in respect of transfer of one issued share of par value of US\$1.00 in Rich Partners Holdings Limited;
- (e) two share application letters both dated 1 January 2007 by Miracle View Group Ltd and Ms. Chan Yi Mei, Amy to Rich Partners Holdings Limited in respect of their applications for allotment of 94 and 5 new shares of US\$1.00 each in Rich Partners Holdings Limited at par value respectively;
- (f) a sale and purchase agreement dated 28 February 2008 between Miracle View Group Ltd as purchaser and Ms. Chan Yi Mei, Amy as seller in respect of the sale of 5% of the issued shares of Rich Partners Holdings Limited by Ms. Chan Yi Mei, Amy to Miracle View Group Ltd at the total cash consideration of HK\$6,000,000;
- (g) the Share Swap Agreement;
- (h) a deed of indemnity dated 27 June 2008 and given by Brilliant Eagle, Ms. Ng Wing Mee, Denise and Ms. Chiu Hok Yu in favour of the Company and its subsidiaries, being the deed containing indemnities in respect of taxation referred to in the subsection headed "Tax indemnity" in this Appendix; and
- (i) the Underwriting Agreement.









## Intellectual property

As at the Latest Practicable Date, the Group owned, or had registered or applied for (as the case may be) the following trademarks and domain names:

## (a) Trademarks registered

Trademark	Place of registration	Registered owner	Class	Trademark number	Registration period
(A) iOne REGIONAL iOne (Regional) Financial Press Limited RFP 卓智(區域)財經印刷有限公司 	Hong Kong	iOne (Regional) FPL	16, 35	300893287	15 June 2007 to 14 June 2017
(B) iOne REGIONAL iOne (Regional) Financial Press Limited RFP 卓智(區域)財經印刷有限公司 					

## (b) Trademarks being applied for

Trademark	Place of application	Applicant	Class	Date of application
iOne Financial Press Limited (A) 	Hong Kong	iOne FPL	16, 35	14 September 2007
(B) 				14 September 2007
iOne Financial Press Limited (A) 	Hong Kong	iOne FPL	16, 35	14 September 2007
(B) 				14 September 2007
iOne Holdings Limited 卓智控股有限公司 (A) 	Hong Kong	Company	16, 35, 36	14 March 2008
(B) 				14 March 2008
iOne Holdings Limited 卓智控股有限公司 (A) 	Hong Kong	Company	16, 35, 36	14 March 2008
(B) 				14 March 2008

(c) *Registered domain names*

<b>Domain name</b>	<b>Registrant</b>
ioneholdings.com	iOne FPL
ione.com.hk	iOne FPL
ioneregional.com	iOne (Regional) FPL
rfpfinancialpress.cn	iOne FPL
rfpfinancialpress.com.cn	iOne FPL
ionefinancialpress.com.cn	iOne FPL
ioneregional.com.cn	iOne FPL
ioneregional.cn	iOne FPL
ioneinternational.com.cn	iOne FPL
ioneinternational.cn	iOne FPL
ioneholdings.com.cn	iOne FPL
ioneholdings.cn	iOne FPL
ionehk.com.cn	iOne FPL
ionehk.cn	iOne FPL
ionetranslation.com	iOne FPL
ioneinternational.com.hk	iOne FPL
ione.hk	iOne FPL
ioneholdings.com.hk	iOne FPL
ioneregional.hk	iOne (Regional) FPL
rfphongkong.com	iOne (Regional) FPL
rfphongkong.net	iOne (Regional) FPL
ioneregional.com.hk	iOne (Regional) FPL
rfphk.com.hk	iOne (Regional) FPL
rfphongkong.hk	iOne (Regional) FPL
rfphongkong.com.hk	iOne (Regional) FPL

**FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF**

Immediately following completion of the Share Offer and the Capitalisation Issue and taking no account of any Shares which may be issued and allotted pursuant to the Share Option Scheme, the interests and short positions of each of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which, once the Shares are listed on the Stock Exchange, 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 which he is taken or deemed to have under such provisions of the SFO), or will be required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities

Transactions by Directors of Listed Issuers in the Listing Rules (all of the aforesaid being “Discloseable Interests”), will be as follows:

Name of Director	Company/ associated corporation	Nature of interest	Number of shares	Approximate percentage of interested shares to the issued share capital of the Company/ associated corporation
Ms. Ng Wing Mee, Denise (Note)	Company	Controlled corporation	122,400,000	53.22%
	Brilliant Eagle	Controlled corporation	6,089	60.89%
Ms. Chiu Hok Yu	Brilliant Eagle	Beneficial Owner	1,890	18.90%

*Note:* 122,400,000 Shares will be directly held by Brilliant Eagle upon completion of the Share Offer and the Capitalisation Issue. As Brilliant Eagle’s entire issued share capital is held as to approximately 60.89% by Gold Fortune Investment Limited, whose entire issued share capital is in turn held as to 50% by Ms. Ng Wing Mee, Denise, Ms. Ng Wing Mee, Denise will be deemed to have interests in the same block of 122,400,000 Shares under Part XV of the SFO.

Information on the person, not being a Director or chief executive of the Company, who has 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, 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 the Group is set out in the section headed “Interest discloseable under the SFO and Substantial Shareholders” of this prospectus.

#### Particulars of Directors’ service contracts and remuneration

Each of Ms. Ng Wing Mee, Denise and Ms. Chiu Hok Yu has entered into a service contract with the Company for a term of one year and two years respectively commencing 1 March 2008, which may be terminated by either party thereto giving to the other three months’ prior notice in writing, which notice period shall not expire at any time during the first year.

The annual aggregate remuneration and benefits in kind payable by the Company in respect of the abovementioned service contracts amount to approximately HK\$3.8 million. The annual salary and granting of bonus under such service contracts may be increased subject to the sole discretion of the Board provided that the respective parties to such service contracts may not vote or be counted in the quorum in respect of any such determination of the Board in relation to him or her.

During the year ended 31 December 2007, the aggregate of remuneration paid and benefits in kind granted to the Directors by the Group were approximately HK\$16.7 million.

Under the present arrangements, the aggregate of remuneration paid or payable to, and benefits in kind received or receivable by, the Directors for the year ending 31 December 2008 are estimated to be approximately HK\$3.7 million.

### Disclaimers

Save as disclosed herein:

- (a) none of the Directors or chief executive of the Company has any Discloseable Interests;
- (b) none of the Directors nor experts referred to under the paragraph headed “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of the Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (c) none of the Directors nor experts referred to under the paragraph headed “Consents of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;
- (d) none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) the Directors are not aware of any person (not being a Director or chief executive of the Company) who will, immediately following completion of the Share Offer and the Capitalisation Issue, be interested, directly or indirectly, in 10 per cent 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 the Group;
- (f) none of the experts referred to under the paragraph headed “Consents of experts” in this Appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (g) so far as is known to the Directors, none of the Directors, their respective associates or Shareholders who are interested in more than five per cent of the issued share capital of the Company have any interests in the five largest customers or the five largest suppliers of the Group.

**Agency fees or commission**

Save as disclosed in this prospectus, no commission, discount, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of the Group.

**Related party transactions**

The Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 27 to the accountants' report set out in Appendix I and the section headed "Connected transactions", respectively to and of this prospectus.

**SHARE OPTION SCHEME****Summary of terms**

The following is a summary of the principal terms of the Share Option Scheme, which was conditionally approved by a resolution duly passed by the Shareholders on 25 June 2008:

1. *Purpose*

The purpose of the Share Option Scheme is to enable the Company to grant options to employees, executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, consultants or advisers who will contribute or have contributed to the Company or any of its subsidiaries as incentives and rewards for their contribution to the Company or such subsidiaries.

2. *Who may join*

The Board may, at its discretion, offer eligible participants, being, employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and suppliers, consultants and advisers who will provide or have provided services to the Group, options to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph 5 below. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

3. *Maximum number of Shares*

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 23,000,000 Shares, representing 10 per cent of the Shares in issue on the Listing Date. Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10 per cent limit.

Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (a) refresh this limit at any time to 10 per cent of the Shares in issue as at the date of the approval by the Shareholders in general meeting (options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed); and/or
- (b) grant options beyond the 10 per cent limit to eligible participants specifically identified by the Board whereupon the Company shall send a circular to the Shareholders containing, amongst others, a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified participants with an explanation as to how the options serve such purpose.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30 per cent of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30 per cent limit being exceeded.

4. *Maximum number of options to any one individual*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options granted thereunder) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1 per cent of the Shares in issue as at the date of grant.

Any further grant of options in excess of this 1 per cent limit shall be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting with such eligible participant and his associates abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

5. *Price of Shares*

The subscription price for a Share in respect of any particular option granted under the Share Option Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day (and for this purpose shall be taken to be the date of the Board meeting at which the Board



proposes to grant the options); (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

6. *Granting options to connected persons*

Any grant of options to a director, chief executive or Substantial Shareholder of the Company or any of its associates is required to be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the options).

If the Company proposes to grant options to a Substantial Shareholder of the Company or any independent non-executive Director or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (a) representing in aggregate over 0.1 per cent of the Shares in issue on the date of the offer; and
- (b) having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares at the date of each offer,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting, and/or such other requirements prescribed under the Listing Rules from time to time. A connected person of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular.

7. *Restrictions on the time of grant of options*

A grant of options may not be made after a price-sensitive event has occurred or a price-sensitive matter has been the subject of a decision until such price-sensitive information has been published in accordance with the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of (a) the date of the Board meeting for the approval of the Company's annual or interim results; and (b) the deadline for the Company to publish its interim or annual results announcement under the Listing Rules and ending on the date of actual publication of the results announcement.

8. *Rights are personal to grantee*

An option is personal to the grantee and the grantee may not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or attempt to do so.

9. *Time of exercise of option*

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. An option shall be deemed to have been granted and to have taken effect when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration is received by the Company, such date must be on or before the prescribed deadline set for the options offered to the relevant grantee. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval 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 after the date of adoption of the Share Option Scheme by Shareholders by resolution at a general meeting.

10. *Performance target*

The Board has the discretion to require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the Share Option Scheme can be exercised.

Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

11. *Rights on ceasing employment and death*

- (a) In the event of the grantee ceasing to be an eligible participant for any reason other than his ill-health, injury or disability (all evidenced to the satisfaction of the Board), death or the termination of his employment or engagement on one or more of the grounds specified in paragraph 12 below, the grantee may exercise the option up to his entitlement at the date of cessation of his employment or engagement (to the extent not already exercised) within the period of two months following the date of such cessation, which date shall be the last actual working day with or for the Company or the relevant subsidiary whether salary or compensation is paid in lieu of notice or not (or such longer period as the Board may determine); and
- (b) in the event that the grantee ceases to be an eligible participant by reason of ill-health, injury or disability (all evidenced to the satisfaction of the Board), death and none of the events which would be a ground for termination of his

employment under paragraph 12 below has occurred, the grantee or his legal personal representative(s) shall be entitled to exercise the option in full (to the extent not already exercised) on or before the earlier of (i) the last day in the 12-month period commencing from the date of ceasing to be an eligible participant or death (or such longer period as the Board may determine) or (ii) the relevant expiry date of the option.

12. *Lapse of option on dismissal*

If the grantee of an option ceases to be an eligible participant by reason of being dismissed on the grounds that he has been guilty of misconduct, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract, his option will lapse and not be exercisable on the date of termination of his employment or engagement.

13. *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 day as or soon after it despatches such notice to each shareholder of the Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two 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 subscription 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, issue and allot the relevant Shares to the grantee credited as fully paid.

14. *Rights on takeover*

If a general offer (whether by way of take-over offer, share repurchase offer 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 in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all the grantees (on the same terms mutatis mutandis, and assuming that they shall become, by the exercise in full of the options granted to them, shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the grantee (or his legal personal representative(s)) shall be entitled to exercise his option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

15. *Rights on compromise or arrangement between the Company and its members or creditors*

If, pursuant to the Companies Act, a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled to exercise all or any of his options in whole or in part at any time prior to 12 noon (Hong Kong time) on the business day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of the grantees to exercise their respective options shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

16. *Lapse of the options*

An option will lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry date relevant to that option;
- (b) the expiry of any of the periods referred to in paragraphs 11 and 14 above;
- (c) the date of commencement of the winding-up of the Company (as determined in accordance with the applicable law);
- (d) the date on which the scheme for the reconstruction of the Company or its amalgamation with any other company or companies, becomes effective as referred to in paragraph 15 above;

- (e) the date on which the grantee ceases to be an eligible participant by reason of the termination of his employment or engagement on any one or more of the grounds specified in paragraph 12 above. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the employment or engagement of a grantee has or has not been terminated on one or more of the grounds specified in paragraph 12 above shall be conclusive;
- (f) the date on which the grantee ceases to be an eligible participant on or after committing any act of bankruptcy or becoming insolvent or making any arrangements or composition with his creditors generally; or
- (g) the date on which the grantee commits a breach of the prohibitions specified in paragraph 8 above or the options are cancelled in accordance with paragraph 20 below.

17. *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or such other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully-paid Shares in issue on the date of issue.

18. *Effect of alterations to capital*

In the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital whilst any option may become or remains exercisable, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the exercise price of each outstanding option and/or the number of Shares in respect of which any further options may be granted as the auditors of the Company or the independent financial adviser shall confirm in writing to the Board that it is in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and subject to the supplementary guidance issued by the Stock Exchange on 5 September 2005 and other notes or guidance issued by the Stock Exchange from time to time. Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

19. *Alteration of Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the grantees or the eligible participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules;
- (b) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the Share Option Scheme),

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect an option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

20. *Cancellation of options*

Any cancellation of options granted but not exercised must be approved by the grantee of the relevant options. Where the Company cancels options and issues new ones to the same grantee, the issue of such new options may only be made under the Share Option Scheme with available unissued options (excluding the cancelled options) within the limit approved by the Shareholders.

21. *Termination of the Share Option Scheme*

The Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination shall continue to be valid and exercisable (to the extent not already exercised) in accordance with the Share Option Scheme.

22. *Condition of the Share Option Scheme*

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of options granted pursuant thereto.

23. *Disclosure in annual and interim reports*

The Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period, vesting period and (if appropriate) a valuation of options granted during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

24. *Present status of the Share Option Scheme*

As at the date of this prospectus, no option has been granted under the Share Option Scheme. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, 23,000,000 Shares (representing 10 per cent of the Shares in issue on the Listing Date) which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

25. *Values of all options that can be granted under the Share Option Scheme*

The Directors consider that it is not appropriate or helpful to the Shareholders to state the value of all options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, since the options to be granted shall not be assignable, and no holder of the option shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

In addition, the calculation of the value of the options is based on a number of variables such as the exercise price, the exercise period, interest rate, expected volatility and other relevant variables. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

**OTHER INFORMATION****Tax indemnity**

Brilliant Eagle, Ms. Ng Wing Mee, Denise and Ms. Chiu Hok Yu (collectively the “Indemnifiers”) entered into a deed of indemnity with the Company in favour of the Group (being a material contract referred to in the sub-paragraph headed “Summary of material contracts” in this Appendix) to provide indemnities in respect of, among other matters, taxation which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the Share Offer becomes unconditional (the “Relevant Date”). The indemnities in the deed shall not apply in, among others, the following circumstances:

- (a) to the extent that provision has been made for the taxation to which such taxation claim relates in the audited financial statements of the Group or any member of the Group as at 31 December 2007;
- (b) relating to Hong Kong profits tax falling on any member of the Group after 31 December 2007 unless liability for such Hong Kong profits tax would not have arisen but for some act or omission of, or transaction entered into by, the Indemnifiers or any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the course of normal day to day operations of that company on or before the Relevant Date;
- (c) to the extent that such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law coming into force after the date of the deed of indemnity or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; and
- (d) for any penalty imposed on any member of the Group under section 42 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong by reason of any member of the Group defaulting, at any time after the date of the deed of indemnity, in any obligation to give information to the Commissioner under section 42(1) of the Estate Duty Ordinance or the equivalent authority thereof under the laws of any jurisdiction outside Hong Kong, but the Indemnifiers shall be liable for any interest on unpaid estate duty.

**LITIGATION**

No member of the Group is engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to the Directors to be pending or threatened by or against any member of the Group.



**APPLICATION FOR LISTING**

An application has been made on behalf of the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus including those pursuant to the Share Option Scheme. All necessary arrangements have been made to enable the Shares to be admitted into CCASS for trading and settlement.

**PRELIMINARY EXPENSES**

The preliminary expenses of the Company are estimated to be approximately HK\$50,000 and are payable by the Company.

**PROMOTER**

There is no promoter of the Company.

**QUALIFICATION OF EXPERTS**

The following are the qualifications of the experts (collectively the “Experts”) who have given opinion or advice which are contained in this prospectus:

<b>Name</b>	<b>Qualifications</b>
Baron Capital	Licensed corporation under the SFO to engage in Type 1 (dealing in securities), and Type 6 (advising on corporate finance) regulated activities under the SFO
SHK	Licensed corporation under the SFO to engage in Type 1 (dealing in securities), and Type 6 (advising on corporate finance) regulated activities under the SFO
BDO McCabe Lo Limited	Certified Public Accountants
Midland Surveyors Limited	Chartered Surveyors
Conyers Dill & Pearman	Bermuda barristers and attorneys
LCH (Asia-Pacific) Surveyors Limited	Independent Professional Business and Financial Services Valuer

**CONSENTS OF EXPERTS**

Each of the Experts 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 opinion and/or the references to its name included herein in the form and context in which it is respectively included.

**BINDING EFFECT**

This prospectus shall have the effect, if an application is made in pursuance hereof, 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.

**TAXATION OF HOLDERS OF SHARES****(a) Hong Kong**

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current aggregate rate of the seller's and buyer's ad valorem duty is HK\$2.00 for every HK\$1,000 (or part thereof) 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) Bermuda**

Under present Bermuda law, transfer and other dispositions of Shares are exempt from Bermuda 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 rights attached to them. It is emphasised that none of the Company, the Directors or the other parties involved in the Share Offer accepts any 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.

**SHARE REGISTERS**

Subject to the provisions of the Companies Act, the register of members of the Company will be maintained in Bermuda by Butterfield Fund Services (Bermuda) Limited and a branch register of members of the Company will be maintained in Hong Kong. Unless the Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with, and registered by, the Company's share registrar in Hong Kong and may not be lodged in Bermuda.

## MISCELLANEOUS

- (a) Save as disclosed in this prospectus:
- (i) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no share 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;
  - (iii) no founder, management or defined shares of the Company have been issued or agreed to be issued;
  - (iv) since 31 December 2007, there has been no material adverse change in the financial or trading position or prospects of the Group;
  - (v) there has not been any interruption in the business of the Group which may have or have had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus; and
  - (vi) none of the Experts is interested beneficially or non-beneficially in any shares in any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares in any member of the Group;
- (b) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement; and
- (c) none of the Company's equity or debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal is being or proposed to be sought.

## PARTICULARS OF THE SELLING SHAREHOLDERS

Name	Description (and current principal business activity)	Address	Number of Sale Shares	Beneficial interest possessed by any Director in any Sale Shares
1. Brilliant Eagle	Corporation (investment holding)	Beaufort House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	21,600,000	This Selling Shareholder is beneficially owned as to about 60.89% by Gold Fortune Investments Limited (which is beneficially held by Ms. Ng Wing Mee, Denise (executive Director) and her spouse, Mr. Ip Mo Leung, Gary, in equal shares).  Ms. Chiu Hok Yu has 18.90% attributable shareholding interest in this Selling Shareholder.
2. Goldfish Ventures Limited	Corporation (investment holding)	Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	3,600,000	Nil
3. New Court Management Inc.	Corporation (investment holding)	Drake Chambers, Road Town, Tortola, British Virgin Islands	1,200,000	Nil
4. Interasia Ventures Limited	Corporation (investment holding)	Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	1,200,000	Nil

	Name	Description (and current principal business activity)	Address	Number of Sale Shares	Beneficial interest possessed by any Director in any Sale Shares
5.	Eternal Fortune Management Limited	Corporation (investment holding)	Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands	1,200,000	Nil
6.	Twin Luck Worldwide Holdings Ltd.	Corporation (investment holding)	Imperial Trust Limited, Road Town, Tortola, British Virgin Islands	1,200,000	Nil

**DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE** and **YELLOW** Application Forms;
- (b) the written consents referred to in the paragraph entitled “Consents of experts” in Appendix V to this prospectus;
- (c) a list of the names, addresses and descriptions of the Selling Shareholders; and
- (d) a copy of each of the material contracts referred to in the paragraph entitled “Summary of material contracts” in Appendix V to this prospectus.

A copy of this prospectus together with copies of the Application Forms has been delivered to the Registrar of Companies in Bermuda in accordance with the Companies Act.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 7th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong during normal business hours from the date of this prospectus up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Bye-laws;
- (b) the accountants’ report prepared by BDO McCabe Lo Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the audited financial statements as have been prepared for the subsidiaries of the Group for each of the three financial years ended 31 December 2007;
- (d) the accountant’s report from BDO McCabe Lo Limited relating to the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (e) the letter, valuation certificate and report dated the date of this prospectus relating to the Group’s property interests prepared by Midland Surveyors Limited, the texts of which are set out in Appendix III to this prospectus;
- (f) the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix V to this prospectus;
- (g) the written consents referred to in the paragraph headed “Consents of experts” in Appendix V to this prospectus;

- (h) the Directors' service contracts referred to in the paragraph headed "Further information about Directors, management and staff — Particulars of Directors' service contracts and remuneration" in Appendix V to this prospectus;
- (i) the rules of the Share Option Scheme;
- (j) the letter dated the date of this prospectus and prepared by Conyers Dill & Pearman summarizing certain aspects of Bermuda company law as referred to in "Summary of the constitution of the Company and Bermuda company law" in Appendix IV to this prospectus;
- (k) the list of the names, addresses and descriptions of the Selling Shareholders;
- (l) the valuation report prepared by LCH (Asia-Pacific) Surveyors Limited in respect of the enterprises business value of iOne (Regional) FPL dated 19 December 2007; and
- (m) the Companies Act.