Potential investors should carefully consider all of the information set out in this prospectus and, in particular, should consider and evaluate the following risks and special considerations associated with an investment in the Company before making any investment decision in relation to the Company. If any of the possible events described below materialises, the Group's business, financial condition and prospects could be materially and adversely affected and the market price of the Offer Shares could fall significantly.

This prospectus contains certain forward-looking statements relating to the Group's plans, objectives, expectations and intentions, which involve risks and uncertainties. The Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below, as well as those discussed elsewhere in this prospectus.

RISKS RELATING TO THE BUSINESS AND OPERATIONS OF THE GROUP

Risk of non-compliance of rules and regulations

The Hong Kong financial services industry in which the Group's operates is highly regulated. There are changes in rules and regulations from time to time in relation to the regulatory regime for the financial services industry, including but not limited to the SFO, the Companies Ordinance, the Listing Rules or the rules governing the listing of securities on the GEM, the FRR and the Takeovers Code. Any such changes might result in an increase in the Group's cost of compliance, or might require the Group to restrict its business activities. In case the Group fails to comply with applicable rules and regulations from time to time, it might result in fines, restrictions on the Group's activities or even suspension or revocation of some or all of the Group's business licences. Accordingly, the businesses and financial performance of the Group would be materially and adversely affected.

Furthermore, some of the members of the Group are or may be required to be, and to remain, licensed with the relevant regulatory authorities including without limitation, as licensed corporations under the SFO. In this respect, members of the Group have to ensure continuous compliance with all applicable laws, regulations and codes, and to satisfy the SFC, the Stock Exchange and/or other regulatory authorities that they remain fit and proper to be licensed. If there is any change to or tightening of the relevant laws, rules and regulations, it may adversely affect the Group's operations and business.

As set out in detail under the section headed "Business — Disciplinary Actions" in this prospectus, there were disciplinary actions taken by the SFC against (i) Bright Smart Securities and one of the Controlling Shareholders regarding misleading statements in advertisements; and (ii) one of Bright Smart Securities' former Responsible Officers regarding unlicensed dealing, resulting in total fines of approximately HK$235,000. Companies engaged in regulated activities (as defined in the SFO), such as Bright Smart Securities and Bright Smart Futures, may be subject to regulatory investigations from time to time. In the event that the results of the investigations are proved to be of serious misconduct, the SFC could take disciplinary actions including revocation or suspension of licences, public or private reprimand or imposition of pecuniary penalties against the Company's two major operating subsidiaries and/or their Responsible Officers/Licensed Representatives. Any of such disciplinary actions taken against the Company's two major operating subsidiaries and/or their

Responsible Officers/Licensed Representatives and/or their directors or persons concerned and/or involved in their management could have an adverse impact on the Group's businesses, operations, financial position and performance. As at the Latest Practicable Date, as far as the Directors were aware, there was no ongoing investigation against any member of the Group or any of its Responsible Officers/ Licensed Representatives and/or their directors or persons concerned and/or involved in their management. There is no assurance that there will not be any investigations taken against any member of the Group or any of its Responsible Officers/Licensed Representatives and/or their directors or persons concerned and/or involved in their management in future.

Apart from the above, the internal control systems of the Group had certain weaknesses or required further enhancements, as revealed in, among others, the past regulatory visits by the SFC, and the two reports issued by the Reviewing Firm on the review of certain internal control procedures of Bright Smart Securities undertaken in 2008 and 2009. Please refer to the section headed "Business — Identified historical internal control weaknesses and subsequent rectifications" in this prospectus for further details. Although the Group has significantly enhanced its system in response to, among others, the weaknesses identified by the SFC and the Reviewing Firm in its two reports issued on 24 October 2008 and 23 March 2009 respectively, the enhanced control measures have a short period of implementation. Moreover, internal control, no matter how well designed and operated, can provide only reasonable assurance of achieving an entity's control objective. The likelihood of achievement is affected by limitations inherent to internal control. These include the realities that human judgment in decision-making can be faulty and that breakdowns in internal control can occur because of human failures such as simple errors or mistakes. Although great emphasis was placed by the Group on internal control measures to detect and deter employee's malpractices and misconducts, there is no assurance that all such measures are effective. Any malpractices or misconducts by the Group's employees may adversely affect the reputation of the Group. If the internal control systems of the Group fail to be consistently and effectively implemented, there would be adverse impact on the Group's businesses and/ or financial performance.

Volatility of the Hong Kong securities and futures market

The Group's key revenue streams are generated from brokerage operations and financing business, which are dependent upon the performance of the financial markets of Hong Kong as a whole. For each of the three years ended 31 March 2008, 2009 and 2010, brokerage commission income derived from the Group's brokerage business accounted for approximately 59.0%, 92.1% and 81.7% of the Group's total turnover respectively, while interest income derived from the Group's financing business, including margin financing and IPO financing, accounted for approximately 41.0%, 7.9% and 18.3% respectively of the Group's turnover for the corresponding years.

The Hong Kong financial markets are directly affected by, among others, the global and local political, economic and social environments. Historically, global and local financial markets have fluctuated considerably over time. Any sudden downturn in these financial markets may adversely affect the market sentiment in general, and hence the trading volume and brokerage commission income/ interest income of the Group, which would in turn adversely affect the financial performance of the Group.

The global economy was seriously hampered by the financial tsunami which swept across the world from the second half of 2008 to the first half of 2009. The deepened concerns over the US economy after the housing mortgage meltdown and sub-prime crisis had adversely affected the investment sentiment with banks tightening credit lines in both local and global markets. A global sell-off and overall shrinkage in trading volume resulted amid uncertainties in the financial markets arising from the credit crunch as well as investors becoming more pessimistic and prudent. The turnover of the Group decreased significantly by approximately 55.3% from approximately HK$176.4 million for the year ended 31 March 2008 to approximately HK$78.7 million for the year ended 31 March 2009. For each of the three years ended 31 March 2008, 2009 and 2010, the average transaction amount generated on a per customer basis of Bright Smart Securities were approximately HK$31.4 million, HK$16.1 million and HK$15.1 million respectively. For each of the three years ended 31 March 2008, 2009 and 2010, the average brokerage commission generated on a per customer basis of the Group were approximately HK$13,000, HK$7,000 and HK$8,000 respectively. Although the global economy has shown signs of improvement since the first quarter of 2009 following the massive easing policies adopted by governments around the world, the Group's businesses may still be adversely affected by external factors including the volatility of the financial markets as illustrated above, which are beyond the control of the Group. There is no assurance that the Group will be able to maintain its historical results in times of difficult economic conditions or unstable political environments. Historical profit levels of the Group should not be relied heavily on as an indication of its future financial performance.

The Directors are of the view that turnover of the Group is dependent on the performance of the financial markets. On the other hand, the operating costs of the Group (e.g. staff costs, depreciation and information technology related expenses) are relatively less correlated with the financial markets due to the fact that the trading business of the Group is mainly operated on an online basis which to a large extent is highly automated. As a result, the profit margins of the Group would be highly sensitive to any adverse change in the financial markets.

The US and Singapore futures markets

The Group extended its brokerage services to futures products traded on exchanges in the US and the Singapore starting from March 2009 and September 2009 respectively, and the futures markets in the US and Singapore also affect the performance of the Group's business. Similar to stock market and other financial markets, the futures market also encounters risk factors including market risk, credit risk and operational risk. Investors are reminded to observe market risk such as the financial tsunami. Investors should also be careful in assessing the future performances of the Group in light of the possible fluctuations of the Group's results which are subject to these market risks.

Fluctuations in interest rates

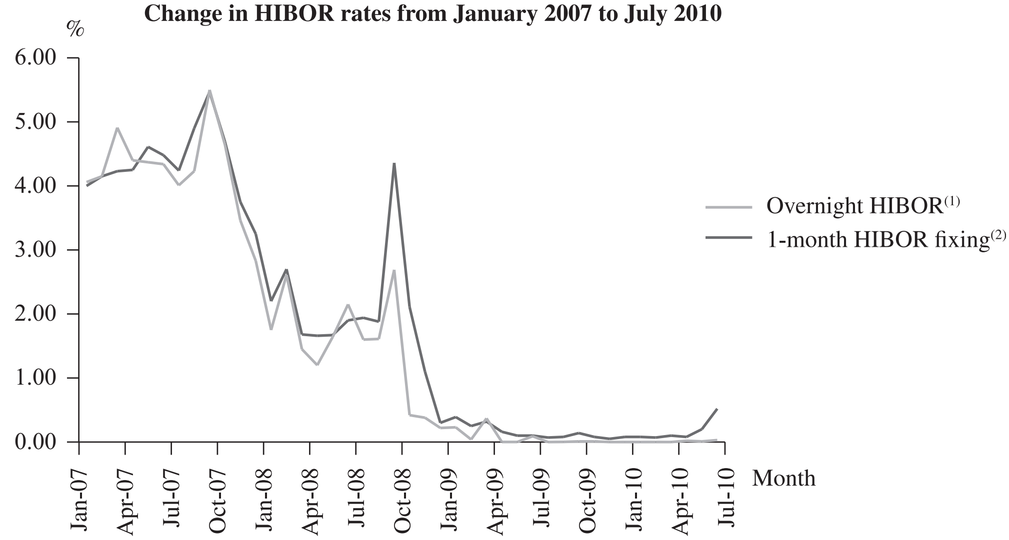
The Group's financial condition and its financial results may be adversely affected by any fluctuations of interest rates or any changes in the interest rate environment. As the Group charges interest on its margin clients on the basis of its cost of funding plus a markup, any increase in interest rates may increase the Group's finance cost and may reduce the Group's interest spread for its loan portfolio, which may adversely affect the Group's financial results. The effective interest rates of the Group's borrowings as at 31 March 2008, 2009 and 2010 were 4.50%, 3.60% and 1.05% respectively. Finance costs of the Group for the years ended 31 March 2008, 2009 and 2010 were approximately HK$59.7 million, HK$2.8 million and HK$8.4 million respectively.

Fluctuations of interest rates may also affect the financial market in general, such as the market sentiment in the stock market. In particular, increase or decrease in interest rates may change the market sentiment in respect of the future economic and financial environment, and may have an adverse impact on the financial markets as well as the business of the Group.

The Directors believe that the decrease in interest rates is the main reason for the low financing cost of the Group for the year ended 31 March 2010 despite the increase in bank borrowings of the Group during the same period. The actual interest rate applicable to the Group's bank loans in future depends on the future change in interest rates.

The changes in HIBOR rates during the Track Record Period are shown in the chart below:

Change in HIBOR rates from January 2007 to July 2010



Source: Hong Kong Monetary Authority

Notes:

(1) Overnight HIBOR is the rate of interest offered on Hong Kong dollar loans by banks in the interbank market for overnight.

(2) 1-month HIBOR fixing rates are Hong Kong dollar interest settlement rates which are fixed by reference to market rates for Hong Kong dollar deposits with maturity of 1 month in the Hong Kong interbank market. These fixings are made at 11.00 a.m. each business day (excluding Saturdays) on the basis of quotations provided by 20 banks designated by The Hong Kong Association of Banks as reference banks. In calculating the interest settlement rate, the middle 14 of the quotations from the reference banks will be averaged and the result will be rounded up, if necessary, to the fifth decimal place.

Credit and settlement risks

Cash clients of Bright Smart Securities are required to settle their securities transactions within T+2. If a client (either being a cash client or margin client) fails to settle the transaction within T+2, Bright Smart Securities is required to settle the same on the client's behalf with HKSCC with its own funds. For cash client who fails to settle the transaction within T+2, Bright Smart Securities charges an overdue interest at a higher interest rate than normal financing interest rates charged by the Group. As at 31 March 2008, 31 March 2009 and 31 March 2010, accounts receivable from the Group's cash clients, all aged within 30 days, amounted to approximately HK$10.3 million, HK$30.2 million and HK$55.4 million respectively. Please refer to the section headed "Financial information — Description of selected balance sheet items" for details of such increase. Please also refer to the section headed "Business — Current internal control system" for details of the measures taken to mitigate credit risk of the Group. There is a risk of default in payment by cash clients.

During the Track Record Period, no bad debt provision for margin loans or amounts due from cash clients was made by the Group.

There is a minimum margin deposit for opening of each futures and option contract as required by the Stock Exchange and the Futures Exchange. Clients of the Group are required to maintain such minimum margin deposit with the Group at all times as determined by the Futures Exchange and the Stock Exchange. Although the Group is entitled to close out the futures and/or option contract when a client is unable to meet his/her margin call, in the event that the client's margin deposit with the Group is unable to cover the loss arising from closing out of the futures and/or option contract, the Group would be exposed to the risk of not being able to recover such shortfall from the clients, particularly in times of a volatile market.

Risk of financing business

The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients.

Margin loan provided to a client is required to be maintained within the margin value of his pledged securities, which means the aggregate market value of his pledged securities after discounts. It is the Group's policy that once the margin value falls below the outstanding amount of the loan as a result of market downturn or adverse movement in the prices of the pledged securities, the Group will make a margin call requesting the client to deposit additional funds, sell securities or pledge additional securities to top up their margin value.

In the event that a client is unable to meet a margin call, the Group is entitled to dispose of the pledged securities and use the sale proceeds thereof towards repayment of the loan. However, there is a risk that the amount recovered from the disposal of the pledged securities may fall short of the outstanding amount of the loan. The Group would suffer a loss if it fails to recover the shortfall from its clients. The Directors confirmed that the Group did not suffer any loss arising from such kind of shortfall during the Track Record Period. There was no bad debt provision for margin loans or amounts due from cash clients made by the Group during the Track Record Period.

The Group also provides IPO financing service to its clients. There will also be adverse impact on the Group's businesses and financial performance if the Group does not have sufficient liquid capital to meet client's demand or the regulatory requirement, or any of the borrowers fails to duly repay the amount owed to the Group.

During the Track Record Period, Bright Smart Securities had entered into certain subordinated loan agreements with Manet Good, pursuant to which Manet Good agreed to grant revolving credit facilities to Bright Smart Securities which were unsecured and borne no interest. The loans have been used for the IPO financing business of the Group, and will be terminated upon Listing. The level of IPO financing the Group may grant to its clients may be affected by the uplifting of the subordinated loans upon Listing. Further detail is set out under the section headed "Relationship with the Controlling Shareholders — Financial independence" in this prospectus.

As at 31 March 2008, 31 March 2009 and 31 March 2010, the Group's loans to margin clients amounted to approximately HK$152.5 million, HK$132.7 million and HK$608.6 million respectively, and the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$649.6 million, HK$435.3 million and HK$1,934.2 million respectively. Based on the unaudited management account of the Group as at 30 June 2010, the balance of the loans to margin clients amounted to approximately HK$503.0 million, with a total market value of relevant securities pledged as collateral of approximately HK$1,718.2 million.

Reliance on brokerage commission and interest income from financing business

During the Track Record Period, provision of brokerage service for securities and financing had been the principal source of income of the Group. For each of the three years ended 31 March 2008, 2009 and 2010, brokerage commission income derived from the Group's brokerage businesses accounted for approximately 59.0%, 92.1% and 81.7% respectively of the Group's total turnover, while interest income derived from the Group's financing business, including margin financing and IPO financing, accounted for approximately 41.0%, 7.9% and 18.3% respectively of the Group's turnover for the corresponding years.

Both of the Group's brokerage business and financing business may be affected by external factors, including the performance of the Hong Kong, Singapore and the US financial markets which are generally subject to economic conditions, investment sentiment and fluctuations in interest rates. These factors are beyond the Group's control, and there is no assurance that the Group's income derived from its brokerage business as well as financing business in the past would be sustained.

Competitive pressure

The financial services industry in Asia and particularly in Hong Kong has a large number of participants and is highly competitive. As at 31 March 2010, there were approximately 499 and 171 exchange participants on the Stock Exchange and the Futures Exchange respectively. New participants may enter the industry provided that they possess professionals with the appropriate skills and are granted with the requisite licences and permits.

Apart from the large multi-national financial institutions such as banks and investment banks with global network and local presence in Hong Kong, the Group faces local competition from branded medium-sized and established financial services firms, as well as other small-sized financial services firms, which offer similar range of brokerage services of the Group. The Group may not be able to compete effectively and successfully with its competitors, and the Group's results of operations may be adversely affected should such competition intensify.

While competition in the traditional brokerage business has historically been fierce amongst the international and local participants in the market, online securities and futures trading and financial information portals are now commonplace, and thus competition for online based clients has also become increasingly competitive.

The Group may not be able to compete effectively and successfully in all the business areas where the Group currently operates or plans to operate. In particular, the increasing competitive pressure may adversely affect the Group's businesses, financial conditions, results of operations and prospects by, amongst other things:

- reducing the Group's market share in its business areas;
- decreasing the Group's interest spread;
- decreasing the Group's brokerage commission and interest income;
- increasing sales and marketing expenses; and
- increasing competition for qualified employees.

There is no assurance that the Group can compete successfully against the Group's current and future competitors, or that competitive forces in the market will not change the industry landscape such that the Group's business objectives become impractical and/or impossible. Under those circumstances, the Group's core businesses and financial performance would be adversely affected.

The Group also faces increasing competition because of internet trading technology currently being developed or which may be developed in the future by both its existing competitors as well as new market entrants. The Group cannot accurately predict how emerging and future technological changes in internet trading will affect the Group's operation or the competitiveness of the Group's services. The current mode of the Group's business operation may be subject to intense competition from new technologies that emerge in the future, as well as existing and new financial service firms providing on-line trading services.

Risk of error trading

During the course of the Group's brokerage business operations, error trades may be entered into by the licensed personnel of the Group when processing orders placed by clients. These error trade positions may arise from mistakes made by the licensed personnel when inputting data or recording clients' instructions. Upon discovery of any error trade, the Group has to take immediate action to close out such error trade positions made by its staff. The Group has to bear any losses arising from such error trades. For each of the three years ended 31 March 2008, 2009 and 2010, the Group incurred losses from error trades, which amounted to approximately HK$390,000, HK$383,000 and HK$420,000 respectively. The Directors confirmed that save as aforementioned, the Group was not subject to any disputes, claims, legal proceedings or other contingent liabilities in relation to any “error trades” during the Track Record Period, and has never been imposed any regulatory fines due to error trades up to the Latest Practicable Date.

However, the Group’s profitability may be adversely affected if error trades are not effectively prevented or controlled by the Group.

Risk on branch network expansion

The Group’s success depends on providing online brokerage services with a stable cost of operations. For each of the three years ended 31 March 2008, 2009 and 2010, value of transactions with orders placed online accounted for a significant portion of its total value of transactions. Since the beginning of 2010, the Group has commenced its branch network expansion strategy. It is the Group’s future plan to further expand its branch network in order to attract new clients, and to facilitate and provide better customer services to its clients. If the Group were to continue its branch network expansion and the financial market experience major downturn, it could have a negative impact upon the Group’s revenues and cause a decline in the Group’s result of operations.

Risk of operational and trading system failure

The operation of the Group’s business is highly dependent on the capability and reliability of the computer systems used, in particular upon the introduction of its securities online trading platform in January 2005 and futures and options online trading platform in October 2007. Since technology advances rapidly, the Group may not be competitive or that further costs may be required for the development or maintenance of a more competitive computer system.

The computer system used by the Group for its business may be vulnerable to a number of disruptions such as computer viruses, hackers or other disruptive actions by visitors or other internet users. Such disruptions may cause data corruption and interruptions, delay or cessation in the services provided through the Group’s securities trading facilities which could have a material adverse effect on the Group’s business. Inappropriate use of the internet by third parties may also jeopardise the security of confidential information (such as client data or trading records) stored in the computer systems of the Group and cause losses to the Group. According to the Group’s records, except for the two system failures occurred in November 2007 and November 2008 as mentioned in the section headed “History, reorganisation and group structure” in this prospectus, the Directors confirmed that there was no other system breakdown or disruptions to the computer systems used by the Group including but not limited to computer viruses, hackers, other disruptive actions by visitors or other internet users during the Track Record Period, which had a material adverse effect on the business and/or operations of the Group.

There is also a growing trend towards online securities and futures trading. As the Group’s existing securities, futures and options brokerage businesses mostly rely on the online trading systems, the Group’s prospects and results of operations may be adversely affected if there is a failure in the Group’s online trading system.

Reliance on key management personnel

The Group's business operation depends substantially on the continued services and performance of its key management personnel including Mr. Yip, the chairman and the founder of the Company, who is responsible for formulating the Group's strategy and day-to-day management. The Group has entered into a service contract with Mr. Yip, which provides for a term of 3 years commencing from the Listing Date, and is terminable by either party upon giving 3 months' written notice to the other party. If Mr. Yip, or other key management personnel, were unable or unwilling to continue their service, the Group may not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all. If any of the key management personnel or key employees of the Group joins a competitor or forms a competing company, the Group may lose clients, suppliers, know-how and key personnel and staff members. The Group's business, financial conditions and results of operation may be materially and adversely affected, and the Group may need to incur additional costs to recruit, train and retain personnel.

Foreign exchange exposure

In order to facilitate its clients to trade futures contracts in Singapore and the US, the Group's clients may place margin deposits in Hong Kong dollars. The Group tries to limit the foreign exchange exposure by placing margin deposits in Japanese yen, US dollars and Singapore dollars with its respective brokerage firms engaged to execute transactions on behalf of its clients in the above overseas markets. However, the Group does not have a formal hedging policy in place and has not entered into any foreign currency exchange contracts or derivatives to hedge its foreign exchange risk. Fluctuations in exchange rates between the Hong Kong dollar and the Japanese yen, US dollars or Singapore dollars may lead to foreign exchange losses, thereby affecting the Group's profitability. If the Japanese yen, US dollars and/or Singapore dollars depreciate, the Group may suffer an exchange loss.

The Group also receives commission from its clients in Hong Kong dollars while it pays commissions to its engaged brokerage firms in Japanese yen, US dollars and Singapore dollars. Should the Japanese yen, US dollars and/or Singapore dollars appreciate, the Group's profit margin may be adversely affected.

For each of the three years ended 31 March 2008, 2009 and 2010, net foreign exchange loss/(gain) of the Group amounted to approximately HK$Nil, HK$4,977 and HK$(75,472) respectively.

Collection of deposits placed with brokerage firms

In order to facilitate the Group's brokerage services for futures contracts traded on the exchanges in Singapore and the US, the Group is required to place margin deposits with two brokers to conduct such transactions. If any of its engaged brokers defaults on the Group's deposits, the Group will suffer a loss for the outstanding balance maintained with such brokers. As at 31 March 2008, 31 March 2009 and 31 March 2010, the Group had an outstanding balance with its engaged brokerage firms of approximately HK$Nil, HK$2.2 million, and HK$7.3 million respectively, representing approximately 0.0%, 1.0%, and 1.0% respectively of the Group's total trade receivables as at the respective year end dates.

Dividend policy

No dividend was paid or declared by the Company during the years ended 31 March 2008 and 2009.

Pursuant to the resolutions passed at the respective board meetings of Bright Smart Securities and Bright Smart Futures on 31 March 2010, dividends of HK$116,050,000 and HK$20,000,000 were declared to respective shareholders of Bright Smart Securities and Bright Smart Futures as at 31 March 2010 and will be settled before Listing.

The declaration of future dividends will be at the discretion of the Directors and will depend on, among others, the Group's earnings, financial condition, cash requirements and availability, and other factors as the Directors may deem relevant. Accordingly, historical dividend payments should not be regarded as an indication of future dividend policy.

RISKS RELATING TO THE INDUSTRY

Competition in internet securities trading

The Group faces increasing competition because of the internet trading technology currently being developed or which may be developed in the future by both its existing competitors as well as new market entrants. The Group cannot accurately predict how emerging and future technological changes in internet trading will affect the Group's operation or the competitiveness of the Group's services. The current mode of the Group's business operation may be subject to intense competition from new technologies that emerge in the future, as well as existing and new financial service firms providing on-line trading services.

High level of liquidity required

Pursuant to the FRR, a licensed corporation shall maintain liquid capital which is not less than the required level at all times. For each of Bright Smart Securities and Bright Smart Futures, the required liquid capital is the higher of HK$3 million and 5% of the aggregate of (a) its adjusted liabilities; (b) the aggregate of the initial margin requirements in respect of outstanding futures contracts and outstanding options contracts held by it on behalf of its clients; and (c) the aggregate of the amounts of margin required to be deposited in respect of outstanding futures contracts and outstanding options contracts held by it on behalf of its clients, to the extent that such contracts are not subject to payment of initial margin requirements.

The Group must maintain a high level of liquidity at all times to comply with the FRR. Failure to meet the above requirement may cause the SFC to take appropriate actions against the Group, which may adversely affect the Group's operations and performance. During the Track Record Period, there has been no prior failure to maintain the required liquidity level (i.e. FRR requirement) of Bright Smart Securities and Bright Smart Futures, the two operating subsidiaries of the Company. Please refer to the section headed "Business — Current internal control system — Margin financing policy — credit control procedures and monitoring of financial resources" of this prospectus for details of the internal control procedures in place to monitor the Group's liquid capital requirement.

Grant of new trading rights

Holding of a trading right of each of the Stock Exchange and the Futures Exchange is a prerequisite to a participant's access to the trading facilities of the Stock Exchange and the Futures Exchange respectively since the merger of both exchanges on 6 March 2000 (the "Effective Date"). The Stock Exchange and the Futures Exchange imposed a moratorium on the issue of new trading rights (except for such rights as may be issued in respect of alliances with other exchanges) for a period of two years from the Effective Date. Furthermore, no new Stock Exchange Trading Right or Futures Exchange Trading Right was issued for less than the specified consideration for a further period of two years. The moratorium on the issue of new trading rights and the lower limit on the price of new trading rights were removed on 6 March 2002 and 6 March 2004 respectively. An increase in the number of trading rights on the Stock Exchange and/or the Futures Exchange will inevitably further intensify competition in the brokerage industry for securities, futures and options. The increase in number of brokers who hold the trading rights of the Stock Exchange and the Futures Exchange as a result of an increase in the supply of such trading rights may adversely affect the market share of the Group in its businesses and hence the Group's results of operation and prospects.

RISKS RELATING TO HONG KONG

Economic and political considerations

Hong Kong is currently the primary focus of the Group's business. The Hong Kong economy has experienced a downturn in the past few years which was principally attributable to the financial tsunami and global downturn from the second half of 2008 to the first half of 2009, although the global economy has shown signs of improvement and the economic outlook is positive in general. Foreign investors have in recent years continued to invest heavily into Asia generally, drawn in particular by the strong growth prospects in markets such as the PRC. However, the long term impact of, among others, the current interest rate environment, financial and regulatory policies imposed by governments in different countries, volatility of commodity prices and exchange rates, as well as the political and social environments, still remains uncertain going forward, and may significantly affect the global economies. If any of the above factors changes unexpectedly and unfavorably, the global financial situation deteriorates, the PRC and other key Asian markets begin to slow down, and/or any unanticipated event, which gives rise to adverse impact on the financial market, takes place, current liquidity levels and capital inflows into the PRC and Hong Kong markets may fall, and the economic climate in the region may deteriorate, in which case the Group's business, prospects, financial conditions and results of operation may be adversely affected.

RISKS RELATING TO THE SHARE OFFER

Liquidity and possible price volatility of the Shares

Prior to the Share Offer, there has been no public market for the Shares. The Offer Price may not be indicative of the price at which the Shares will trade following the completion of the Share Offer. In addition, there is no assurance that an active trading market for the Shares, if it does develop, that it will be sustained following the completion of the Share Offer, or that the market price of the Shares will not fall below the Offer Price. Prices for the Shares may also fluctuate significantly.

The trading price of the Shares subsequent to the Share Offer may also be subject to significant volatility in response to, amongst other factors, the following:

- investor perceptions of the Group and its future plans and prospects;
- variations in the operating results of the Group;
- changes in pricing policies of the Group or its competitors;
- changes in the Group's key and senior management; and
- general economic conditions and other factors.

Shareholders' interests in the Company may be diluted in the future

The Group may need to raise additional funds in the future to finance expansion of, or new developments relating to, its existing operations or new acquisitions. If such additional funds are raised or such acquisitions are made through the issuance of new equity or equity-linked securities of the Company, other than on a pro rata basis to existing Shareholders, the percentage ownership of the Shareholders may be reduced, Shareholders may experience dilution and/or such securities may have rights, preferences and privileges senior to those of the Shares.

RISK RELATING TO THIS PROSPECTUS

Forward-looking statements

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to (i) the Group's business strategies and plan of operation; (ii) the Group's capital expenditure plans; (iii) the amount and nature of, and potential for, future development of the business of the Group; (iv) the Group's operations and business prospects; (v) the Company's dividend policy; (vi) projects under planning; (vii) the Group's strategies, plans, objectives and goals; (viii) the regulatory environment of the industry in general, and the future developments, trends and conditions; (ix) capital market developments; (x) actions and developments of the Group's competitors; and (xi) other statements in this prospectus that are not historical facts.

The words "anticipate", "believe", "can", "could", "continue", "expect", "going forward", "intend", "may", "ought to", "plan", "potential", "predict", "project", "prospects", "seek", "sustain", "should", "will", "would" and similar expressions, as they relate to the Group, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting the current views of the Directors with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

Subject to the requirements of the Listing Rules, the Directors do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way the Directors expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.