
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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Immediately following the completion of the Share Offer, Recruit (BVI), which is wholly and beneficially owned by Recruit, will own 59.98% of the issued share capital of the Company as enlarged by the Share Offer. Hence, Recruit and Recruit (BVI) will be entitled to control the exercise of voting rights of 59.98% of the Shares eligible to vote in a general meeting of the Company.

Save as disclosed above, there is no other person who, immediately following completion of the Share Offer, will be directly or indirectly interested in 30% or more of the Shares then in issue.

INDEPENDENCE FROM RECRUIT

The Board is satisfied that the Group can operate independently of and does not place undue reliance on the Recruit Group after the Listing, taking into consideration the following factors:

(a) Financial independence

Upon Listing, the Group will have its own independent internal control and accounting systems, accounting and finance department, treasury function for cash receipts and payments and access to third party financing.

During the Track Record Period, the Group entered into certain bank loans and facilities which were secured by the corporate guarantees from Recruit and the minority shareholders of 1010 Group. After Listing, all such guarantees will have been released.

The Directors believes that the Group is financially independent due to the following principal factors:

- (i) The Company has been able to negotiate for the banking facility and release of other third party guarantees for the other bank loans. The Company has, by entering into the banking facility, demonstrated that it is able to obtain from a number of independent financial institutions equivalent finance facilities, on a stand-alone basis, given the release of the guarantees given by Recruit on Listing; and
- (ii) The Group's business operations are in relatively mature and developed markets.

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(b) Independence of boards and management

Recruit and the Company have boards of directors that function independently of each other. The following table shows the details of the directorships of the Company upon Listing and that of Recruit as at the Latest Practicable Date:

Name of directors	Company	Recruit
Mr. Yang Sze Chen, Peter	Executive Director	None
Mr. Lau Chuk Kin	Executive Director	Executive director
Ms. Choi Ching Kam, Dora	Executive Director	None
Mr. Yeung Ka Sing	Independent non-executive Director	None
Prof. Lee Hau Leung	Independent non-executive Director	None
Mr. Tsui King Chung, David	Independent non-executive Director	None
Dr. Ng Lai Man, Carmen	Independent non-executive Director	None
Ms. Lam Mei Lan	None	Executive director
Ms. Chow So Chu	None	Executive director
Mr. Lee Ching Ming, Adrian	None	Non-executive director
Mr. Wan Siu Kau	None	Non-executive director
Mr. Peter Stavros Patapios Christofis	None	Non-executive director
Mrs. Ling Lee Ching Man, Eleanor	None	Independent non-executive director
Mr. Cheng Ping Kuen, Franco	None	Independent non-executive director
Mr. Ho David	None	Independent non-executive director

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The Company will maintain a sufficient level of independence of directorship from Recruit and will have a team of full-time senior management and employees who operate independently from Recruit. The majority of the Directors will not have any role in and are independent of Recruit. Save as disclosed above, there will be no overlap of senior management between the Recruit Group and the Company.

It is currently proposed that Mr. Lau Chuk Kin, the existing chairman, chief executive officer and executive director of Recruit, will resign as chairman and chief executive officer of Recruit with effect from the Listing Date. Mr. Lau will remain as an executive director of Recruit responsible for the overall strategy formulation of the Recruit Group but will not hold any administrative title. Following his resignation from the existing positions in Recruit (other than his directorship), Mr. Lau will be expected to devote approximately 70% of his time towards the management of the Group with 30% of his time towards the business affairs of the Recruit Group. In addition to being an executive Director, Mr. Lau will also act as business development director, responsible for the business development and day-to-day management and operations of the Group. The Directors are of the opinion that Mr. Lau's allocation of time and resources to the business and operations of the Group will enable him to satisfactorily discharge his duties and responsibilities to the Group.

If any conflict of interest arises as a result of Mr. Lau's roles in the Group and the Recruit Group, such as connected transactions between the Group and the Recruit Group, Mr. Lau (for so long as he is both a director of Recruit and a Director) will be required to abstain from voting on the relevant resolution(s) in the relevant meeting of the board of directors of Recruit or (as the case may be) the Board. The remaining Directors who do not hold office as a director with Recruit, including Mr. Yang Sze Chen, Peter and Ms. Choi Ching Kam, Dora, who are responsible for the daily operation of the Group, could still properly attend, be counted in the meeting quorum and vote on any matter that involves the interests of the Recruit Group without impeding the operations of the Group.

Save for Mr. Yang Sze Chen, Peter's salary, no remuneration was paid directly to any of the Directors by the Group during the Track Record Period.

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The following table summarises the total amounts of the remuneration paid by the Recruit Group to Mr. Lau Chuk Kin, Mr. Yang Sze Chen, Peter and Ms. Choi Ching Kam, Dora during the Track Record Period.

		Total remuneration paid by the Recruit Group HK\$'000	Amounts directly borne by the Group HK\$'000	Amounts indirectly recharged to the Group (note) HK\$'000	Amounts not recharged to the Group HK\$'000
Mr. Lau Chuk Kin	2008	1,887	–	–	1,887
	2009	1,932	–	722	1,210
	2010	1,661	–	916	745
Mr. Yang Sze Chen, Peter	2008	–	–	–	–
	2009	750	750	–	–
	2010	930	930	–	–
Ms. Choi Ching Kam, Dora	2008	669	–	31	638
	2009	692	–	34	658
	2010	920	–	280	640

Note: A portion of the remuneration paid to Mr. Lau Chuk Kin was recharged to the Group indirectly as a part of the management fees paid by the Group to Recruit. A portion of the remuneration paid to Ms. Choi Ching Kam, Dora was recharged to the Group indirectly as a part of the administration services fees paid by the Group to Recruit Management Services Limited, a subsidiary of Recruit.

Upon Listing, Ms. Choi Ching Kam, Dora's remuneration for her employment as an executive Director will be assumed exclusively by the Group. However, Mr. Lau Chuk Kin will receive remunerations from both the Group and the Recruit Group as a result of his employment as executive director of both groups. Payment of such remuneration will be shared equally between the Group and the Recruit Group, which the Sponsor considers to be fair and reasonable and reflective of Mr. Lau's respective contributions to the Group and the Recruit Group.

The remuneration policy of the Directors and senior management after the Listing are set out in the section headed "Directors, senior management and staff – Remuneration of Directors and senior management" of this prospectus.

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(c) Clear delineation of business

Prior to the Listing, the Recruit Group (together with the Group) is principally engaged in the advertising media business (including recruitment magazine advertising, inflight magazine advertising, printing business and investment trading). As a result of the consolidated operations of the Group and the Recruit Group then as a group, certain related party transactions were conducted in the ordinary and usual course of business and on normal commercial terms and were entered into as a result of the usual management and operation of the two groups. A summary of the related party transactions is set out in the following table:

Related party transactions

Name of related parties	Nature of transactions	Year ended 31 December		
		2008 HK\$'000	2009 HK\$'000	2010 HK\$'000
Intermediate holding company				
Recruit	Interest expense ⁽ⁱ⁾	7,199	5,363	2,658
	Management fee paid ⁽ⁱⁱ⁾	–	1,200	1,500
Fellow subsidiaries				
Recruit Information Technology Limited	Computer service fees paid ⁽ⁱⁱⁱ⁾	360	480	1,200
	Purchases of property, plant and equipment ^(v)	52	3,000	–
Recruit Management Services Limited	Computer service fees paid ⁽ⁱⁱⁱ⁾	60	60	35
	Administration service fees paid ⁽ⁱⁱⁱ⁾	360	1,200	1,800
1010 Printing (USA) Inc.	Commission paid ^(iv)	79	1,400	–
Recruit Advertising Limited	Printing income ^(v)	60	104	50
Central Publishing Limited	Printing income ^(v)	–	41	–

(i) Interest expense was charged based on the outstanding loan balance at 5-7%, 3% and 3% per annum for the years ended 31 December 2008, 2009 and 2010 respectively, which was determined based on the cost of borrowing of the Recruit Group.

(ii) Management fees paid to Recruit, representing mainly the staff costs and other general expenses incurred by Recruit, were primarily allocated on a cost reimbursement basis. Staff costs were allocated to the Group based on (i) the estimated time spent on managing the printing business by the directors of Recruit and (ii) the actual hourly rates of the directors of Recruit calculated on the basis of their actual remuneration. Other general expenses were allocated based on the percentage as represented by such directors' remuneration of Recruit allocated to the printing business over the total directors' remuneration of Recruit (2008: 5%, 2009: 25%, 2010: 30%). The sum of staff costs and other general expense was charged to the Group as management fee for the years 2009 and 2010. No management fees were charged to the Group for the year 2008 because of the immaterial amount involved.

(iii) Recruit Information Technology Limited ("RIT") provided information technology services whereas Recruit Management Services Limited ("RMS") provided general administrative services during the Track Record Period. The costs incurred by RIT and RMS were mainly staff salaries. Similar to the management fees, the relevant staff salaries of these two related companies were allocated to the Group based on a cost reimbursement basis. In particular, staff costs of RIT and RMS were allocated to the Group based on (i) the estimated time spent on providing the relevant services by the staff of RIT and RMS and (ii) the actual hourly rates of the staff of RIT and RMS calculated on the basis of their actual salaries. Other general expenses of RIT and RMS were allocated based on the percentage as represented by such staff costs of RIT and RMS allocated to the printing business over the total staff costs of RIT and RMS (2008: 10%, 2009: 25%, 2010: 35%). The total allocated staff costs and other general expenses were then split between RIT and RMS and charged to the Group as computer service fees and administration service fees respectively.

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- (iv) Commission paid to 1010 Printing (USA) Inc. was based on 10% of sales generated by 1010 Printing (USA) Inc.
- (v) Printing income and purchase of property, plant and equipment were based on the prevailing market price.

In the opinion of the Directors, the related party transactions were conducted in the ordinary and usual course of business and on normal commercial terms.

Details of the related party transactions are set out in note 32 to the Accountants' Report of the Company set out in Appendix I to this prospectus. The related party transactions as noted above will be terminated following the Listing. After the Listing, there will be a clear delineation of business between the Recruit Group and the Group as:

- (i) the Recruit Group will focus on the advertising media business, specifically recruitment magazine advertising and inflight magazine advertising and investment trading. Neither the Recruit Group's recruitment magazine nor its inflight magazine advertising business involves the operation of any printing services provided by the Recruit Group. Recruitment and inflight magazines are printed by independent third parties engaged by the Recruit Group and as such the Recruit Group's magazine advertising business would not give rise to any potential competition to the Group. The Recruit Group will not engage in the Restricted Businesses (as defined below);
 - (ii) the Group will focus on the provision of printing services which essentially cover the provision of printing services to international book publishers, print media companies and multinational corporations with printed products comprising mainly high-end, high value leisure and lifestyle books (including photography books, cookbooks and art books), educational text books and children's books (together with such business of activity engaged or operated or invested or otherwise involved in or by the Group as at the Listing Date, the "**Restricted Businesses**"); and
 - (iii) given that the Restricted Businesses are distinct from those of the Recruit Group, the Group has independent access to its suppliers and customers.
- (d) **Non-competition undertakings**

Undertaking of Recruit

Pursuant to the Non-competition Deed entered into between the Company and Recruit dated 29 June 2011, Recruit (for itself and on behalf of each other member of its group) has unconditionally and irrevocably undertaken to the Company (for itself and on behalf of each other member of the Group) that for so long as the Shares are listed on the Main Board of the Stock Exchange or Recruit and its associates, individually or collectively, hold 20% or more of the issued share capital of the Company and having the power to control the Board, it will not, and will procure that its associates will not:

- (i) compete with the Group, directly or indirectly, whether on its/their own account or jointly with or on behalf of any person, firm or company, by acquiring or holding any interest in, or carrying on or being engaged, concerned or

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interested, directly or indirectly, whether as a shareholder, partner, agent or otherwise, in the carrying on of, any activity or business which directly or indirectly competes or is likely to be in competition with the Restricted Businesses;

- (ii) at any time use the name or trading style of any member of the Group, or represent itself/themselves as carrying on or continuing or being connected with any member of the Group or its business for any purpose whatsoever save as previously disclosed in writing to Recruit; and
- (iii) directly or indirectly solicit, interfere with, employ or endeavour to entice away from any member the Group with a view to competing with the Group in the Restricted Businesses for any person who, to its/their knowledge, is as of the Listing Date, or has during the preceding 12 months been, a client, customer or employee of, or in the habit of dealing with any member of the Group.

Pursuant to the Non-competition Deed, it has been agreed that notwithstanding the foregoing restrictions, Recruit may either by itself, or through its associate or associates:

- (i) hold and/or be interested in any shares or other securities in any company which is listed on a recognised stock exchange and engages or is involved in any activity or business which directly or indirectly competes with the Restricted Businesses, provided that the aggregate shareholding held by Recruit and/or its associates in such company, whether directly or indirectly, does not exceed five per cent. of the issued share capital of such listed company, and provided further that Recruit and its associates or the Company and its associates would not participate in or be otherwise involved in the management of that listed company; and
- (ii) hold shares and other securities in any member of the Group.

Furthermore, pursuant to the Non-competition Deed, Recruit has undertaken that if it or its associates become aware of any business opportunity which directly or indirectly competes, or may lead to competition, with the Restricted Businesses, it shall notify, and shall procure its associates to notify, the Group of such business opportunity immediately upon becoming aware of it. Recruit has also agreed to use its best efforts to procure that such business opportunity is first offered to the Group upon terms which are fair and reasonable. The independent board committee of the Board comprising the independent non-executive Directors shall decide whether the Group should take up such business opportunity. It is only after the Group has declined such opportunity that Recruit or its associate(s) may then pursue such business opportunities.

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Undertaking of the Company

Pursuant to the Non-competition Deed, the Company (for itself and on behalf of each other member of the Group) has unconditionally and irrevocably undertaken to Recruit (for itself and on behalf of each other member of the Recruit Group) that for so long as the Shares are listed on the Main Board of the Stock Exchange or Recruit and its associates, individually or collectively, hold 20% or more of the issued share capital of the Company and having the power to control the Board, it will not, and will procure that its associates will not:

- (i) compete with the Recruit Group, directly or indirectly, whether on its/their own account or jointly with or on behalf of any person, firm or company, by acquiring or holding any interest in, or carrying on or being engaged, concerned or interested, directly or indirectly, whether as a shareholder, partner, agent or otherwise, in the carrying on of, any activity or business which directly or indirectly competes or is likely to be in competition with the businesses or activities engaged by the Recruit Group as at the Listing Date (the “**Recruit Group Businesses**”);
- (ii) at any time use the name or trading style of any member of the Recruit Group, or represent itself/themselves as carrying on or continuing or being connected with any member of the Recruit Group or its business for any purpose whatsoever save as those names/trading styles which have been previously disclosed in writing to the Company; and
- (iii) directly or indirectly solicit, interfere with, employ or endeavour to entice away from any member of the Recruit Group with a view to competing with the Recruit Group in the Recruit Group Businesses for any person who, to its/their knowledge, is as of the Listing Date, or has during the preceding 12 months been, a client, customer or employee of, or in the habit of dealing with, any member of the Recruit Group.

Notwithstanding the foregoing restrictions, the Company may either by itself, or through its associate or associates, hold and/or be interested in any shares or other securities in any company which is listed on a recognised stock exchange and engages or is involved in any activity or business which directly or indirectly competes with the Recruit Group Businesses, provided that the aggregate shareholding held by the Company and/or its associates in such company, whether directly or indirectly, does not exceed five per cent. of the issued share capital of such listed company, and provided further that the Company and its associates would not participate in or be otherwise involved in the management of that listed company.

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It is further provided in the Non-competition Deed that if there is any disagreement between Recruit and the Company as to whether or not any activity or business (or proposed activity or business) or business opportunity directly or indirectly competes or may lead to competition with the Restricted Businesses or the Recruit Group Businesses, as the case may be, the matter shall be determined by the independent board committee of the affected party, whose decision shall be final and binding.

Recruit or the Company has undertaken to one another that at the request of the independent board committee of the other to provide all such information as it possesses and is necessary so as to enable the independent board committee to make an informed assessment as to whether or not there has in fact been a breach of the Non-competition Deed.

Both the Recruit Group and the Company have also undertaken to provide each other with an annual confirmation, upon requests that it has complied with the terms of the Non-competition Deed. The independent board committee of the Board will review, at least on an annual basis, whether the Recruit Group has complied with the terms of the Non-competition Deed and report thereupon. Such report will be disclosed in the Company's annual report and include a statement as to whether or not the Recruit Group has delivered, at the end of the financial year to which that annual report relates, the annual confirmation pursuant to its undertaking described above, and if it fails to do so, the details of the steps for the enforcement of that undertaking.

It has been agreed that any development, venture, partnership, investment, undertaking, engagement, involvement in business or activity not falling within the ambit of the Restricted Businesses or Recruit Group Businesses shall not be so restricted in any way, form or manner by virtue thereof.

The Non-competition Deed is conditional upon, among other things, (a) the Listing Committee granting the listing of and permission to deal in the Shares; and (b) all the conditions precedent in the Underwriting Agreements being fulfilled (or waived) and the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated according to the terms and conditions or other provisions thereof.

CONFIRMATION

Save as disclosed above, neither the Controlling Shareholders nor any of the executive and non-executive Directors were, as at the Latest Practicable Date, interested in any business, other than that of the Group, which competes or is likely to compete, either directly or indirectly, with the Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.