

*The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the auditors and reporting accountants of the Company, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.*



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27th May, 2002

The Directors  
Incutech Investments Limited  
Upbest Securities Company Limited

Dear Sirs

We set out below our report on the financial information relating to Incutech Investments Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for inclusion in the prospectus of the Company dated 27th May, 2002 (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 Company was incorporated in the Cayman Islands on 5th December, 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as detailed in the section "Corporate reorganisation" in Appendix III of the Prospectus, which was completed on 6th May, 2002, the Company became the holding company of the subsidiaries set out below (the "Reorganisation").

As at the date of this report, the Company has direct interests in the following subsidiaries:

Name	Place and date of incorporation	Issued and fully paid up share capital	Attributable equity Interest	Principal activities and place of operation
Excel Win Development Corporation	British Virgin Islands, 20th September 2001	US\$1 1 share of US\$1 each	100	Inactive in Hong Kong
Good Connection Traders Limited	British Virgin Islands, 28th September 2001	US\$1 1 share of US\$1 each	100	Inactive in Hong Kong

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

No audited accounts have been prepared for the companies now comprising the Group since their respective dates of incorporation, as they were newly incorporated and have not been involved in any significant business transactions since incorporation.

We have examined the unaudited management accounts of all companies now comprising the Group for the period from 20th September, 2001 (date of establishment of the Group) to 31st December, 2001 (the "Relevant Period") and have carried out such additional procedures as are necessary in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" issued by the Hong Kong Society of Accountants.

The financial information as set out in sections 1 to 3 below ("Financial Information") has been prepared based on the unaudited management accounts of all companies now comprising the Group, on the basis set out in section 2(a) below, after making such adjustments as are appropriate. The directors of the respective companies now comprising the Group are responsible for preparing these accounts which give a true and fair view. In preparing these accounts, it is fundamental that appropriate accounting policies are selected and applied consistently.

The directors of the Company are responsible for the Financial Information. It is our responsibility to form an independent opinion on the combined results of the Group for the Relevant Period and the combined balance sheet of the Group as at 31st December, 2001.

In our opinion, the Financial Information, for the purpose of this report, and prepared on the basis set out in section 2(a) below, gives a true and fair view of the combined results and cash flows of the Group for the Relevant Period and of the combined balance sheet of the Group as at 31st December, 2001.

## 1. COMBINED ACCOUNTS

### (a) Combined profit and loss account

	<i>Note</i>	<b>Period from 20th September 2001 to 31st December, 2001</b>
		<i>HK\$'000</i>
Turnover	2(c)	–
Other operating expenses		<u>9</u>
Loss for the period	2(d)	<u><u>9</u></u>

The Group has no other recognised gains or losses apart from the loss for the period as shown above. Accordingly, no separate combined statement of recognised gains and losses is presented.

**(b) Combined balance sheet**

	<i>Note</i>	<b>As at 31st December, 2001 HK\$'000</b>
<b>Current assets</b>		
Bank balances and cash		30,000
<b>Current liabilities</b>		
Other payables		(9)
<b>Net current assets</b>		<u>29,991</u>
Financed by:		
<b>Combined share capital</b>		–
<b>Accumulated loss</b>		<u>(9)</u>
		(9)
<b>Non-current liabilities</b>		
Due to shareholders	2(i)	<u>30,000</u>
		<u>29,991</u>

**(c) Combined cash flow statement**

	<i>Note</i>	<b>Period from 20th September, 2001 to 31st December, 2001 HK\$'000</b>
Net cash inflow from operating activities	2(l)	–
Financing activities		
Advances from shareholders	2(i)	30,000
Issue of shares		–
Cash and cash equivalents at 31st December, 2001		<u>30,000</u>

**2. NOTES TO THE COMBINED ACCOUNTS****(a) Basis of presentation**

For the purpose of this report, the combined profit and loss account and combined cash flow statement of the Group for the Relevant Period, as detailed in sections 1(a) and (c), include the Financial Information of the companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Period, or since their respective dates of incorporation, whichever is a shorter period.

The combined balance sheet of the Group as at 31st December, 2001 as detailed in section 1(b) has been prepared to present the assets and liabilities of the Group as if the current group structure had been in existence at that date.

All significant intra-group transactions and balances have been eliminated on combination.

**(b) Principal accounting policies**

The Financial Information in this report is prepared under the historical cost convention. The principal accounting policies which have been adopted by the Group in arriving at the Financial Information in this report are set out below. These policies conform with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants and accounting principles generally accepted in Hong Kong.

**(i) Subsidiaries**

Subsidiaries are those entities in which the Group controls the composition of the board of directors, controls more than half of the voting power or holds more than half of the issued share capital, or by the way of having the power to govern its financial and operating policies so that the Group obtains benefits from these activities.

**(ii) Revenue recognition**

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

**(iii) Deferred taxation**

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

**(c) Revenue and turnover**

The Group is intended to be principally engaged in the investment in listed and unlisted companies. During the Relevant Period, the Group had not commenced its principal activities and did not generate any turnover and revenue.

**(d) Loss for the period**

Loss for the period is stated after charging the following:–

	<b>Period from 20th September, 2001 to 31st December, 2001</b>
	<i>HK\$'000</i>
Incorporation expenses	9
	<u>          </u>

**(e) Taxation**

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits for the Relevant Period.

**(f) Dividends**

No dividends had been paid or declared by the Company and the companies now comprising the Group since their respective dates of incorporation.

**(g) Loss per share**

No loss per share figure is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the preparation of the results for the Relevant Period on a combined basis as disclosed in section 2(a).

**(h) Emoluments for directors and highest paid individuals**

No emolument has been paid or payable in respect of the Relevant Period by the Company or its subsidiaries to the directors of the Company.

During the Relevant Period, the Group had no employees.

**(i) Due to shareholders**

The amounts due are unsecured and interest-free. Subsequent to 31st December, 2001, these amounts due were capitalised as a consideration for the issuance of 29,999,999 shares of HK\$0.01 each in the Company to these shareholders.

**(j) Distributable reserves**

At 31st December, 2001, the Company had no reserves available for distribution to the shareholders of the Company.

**(k) Net assets of the Company**

At 31st December, 2001, the Company had no assets or liabilities.

**(l) Reconciliation of operating loss to net cash inflow from operating activities**

	<b>Period from 20th September, 2001 to 31st December, 2001 HK\$'000</b>
Operating loss	(9)
Increase in other payables	9
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Net cash inflow from operating activities	–
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**(m) Subsequent events**

Apart from the capitalisation of amounts due to shareholders as disclosed under section 2(i), subsequent to 31st December, 2001, the following material events took place:-

*(i) Reorganisation*

On 6th May, 2002, the companies now comprising the Group underwent a reorganisation in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. Details of the Reorganisation and movements in the share capital of the Company are set out in the section "Corporate reorganisation" in Appendix III of the Prospectus.

*(ii) Investment Management Agreement*

Pursuant to the Investment Management Agreement dated 15th May, 2002, the Company has appointed Upbest Assets Management Limited as its manager for the purpose of investment management of the Company. Further details of this investment management agreement are set out under the section headed "Investment Management" on pages 36 to 41 of the Prospectus.

Save as aforesaid, no other material events took place subsequent to 31st December, 2001.

**3. SUBSEQUENT ACCOUNTS**

No audited accounts have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to 31st December, 2001 and no dividend or other distribution has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31st December, 2001.

Yours faithfully  
**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong