

**FURTHER INFORMATION ABOUT THE COMPANY****1. Incorporation**

The Company was incorporated on 5th December, 2001 in the Cayman Islands under the Companies Law as an exempted company with limited liability under the original name of Incutech Investments Limited (俊科投資有限公司). The Company changed its name to Incutech Holdings Company Limited and then to Incutech Investments Limited both on 24th April, 2002. The Company has established a principal place of business in Hong Kong (which is also the principal place of business of the Company registered under Part XI of the Companies Ordinance) at 16th Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong, and has been registered in Hong Kong as an overseas company under Part XI of the Companies Ordinance with the appointment of Ms. Chow Siu Fan as agent of the Company for the acceptance of service of process and any notice required to be served on the Company. As the Company is incorporated in the Cayman Islands, it is subject to the Companies Law and its constitution, which comprises the Memorandum and the Articles. A summary of the Memorandum, the Articles and relevant aspects of the Cayman Islands taxation is set out in Appendix II and in the section headed "Taxation and exchange control" respectively.

**2. Changes in share capital**

- (a) As at the date of its incorporation, the Company's initial authorised share capital was HK\$350,000, divided into 35,000,000 Shares.
- (b) On 8th January, 2002, 1 Share was allotted and issued for cash at par to Codan Trust Company (Cayman) Limited, which share was transferred on 8th January, 2002 to Typical Success Limited.
- (c) On 26th March, 2002, the sole shareholder of the Company passed resolutions to increase the authorised share capital of the Company to HK\$5,000,000 by the creation of 465,000,000 Shares.
- (d) On 6th May, 2002, 14,999,999 Shares were allotted and issued to Typical Success Limited, credited as fully paid, in capitalisation of the loan and amount due from Good Connection Traders Limited to Typical Success Limited in the sum of HK\$14,999,992.20.
- (e) On 6th May, 2002, 15,000,000 Shares were allotted and issued to Endless Wealth Limited, credited as fully paid, in capitalisation of the loan and amount due from Excel Win Development Corporation to Endless Wealth Limited in the sum of HK\$14,999,992.20.

**3. Written resolutions of the sole shareholder of the Company passed on 26th March, 2002**

Pursuant to the resolutions passed by the sole shareholder of the Company on 26th March, 2002:

- (a) the authorised share capital of the Company was increased from HK\$350,000 to HK\$5,000,000 by the creation of additional 465,000,000 Shares;
- (b) the New Issue was approved and the Directors were authorised to allot and issue the New Shares upon the terms set out in the subsection headed "Conditions of the New Issue" under the section headed "Structure of the New Issue";

- (c) a general unconditional mandate was given to the Directors to allot, issue and deal with (otherwise than by way of rights issue or any allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles), on behalf of the Company, Shares with an aggregate nominal value not exceeding the sum of:
  - (i) 20% of the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned herein; and
  - (ii) the aggregate nominal amount of the share capital of the Company repurchased under the authority referred to in paragraph (d) below;
- (d) a general unconditional mandate was given to the Directors to exercise all the powers of and on behalf of the Company to repurchase 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 Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned herein (“repurchase mandate”); and
- (e) the Company adopted the Articles.

Each of the general mandates referred to in paragraphs (c) and (d) above will remain in effect until (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 by the Articles to be held, or (iii) when it is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

#### **4. Corporate reorganisation**

- (a) On 5th December, 2001, the Company was incorporated.
- (b) On 6th May, 2002 and in accordance with the contract referred to in paragraph (a) in the subsection headed “Summary of material contracts” in this appendix, the Company acquired the entire issued share capital of Good Connection Traders Limited from Typical Success Limited in consideration of HK\$7.8.
- (c) On 6th May, 2002 and in accordance with the contract referred to in paragraph (b) in the subsection headed “Summary of material contracts” in this appendix, the Company acquired the entire issued share capital of Excel Win Development Corporation from Endless Wealth Limited in consideration of HK\$7.8.

#### **5. Subsidiaries**

As at the Latest Practicable Date, the Company had two wholly-owned subsidiaries, Good Connection Traders Limited and Excel Win Development Corporation which was incorporated in the BVI on 28th September, 2001 and 20th September, 2001 respectively.

## 6. General meeting

The Company will hold an annual general meeting in each year at a place and time determined by the Directors. Notice of such meeting will be given in writing to members at their registered addresses as appear on the register of members or at any other addresses supplied by them to the Company at least 21 days prior to any such meeting. All notices of meeting will specify the time, place and general nature of the business of the meeting.

## 7. The Investment Management Agreement

- (a) Pursuant to the Investment Management Agreement dated 15th May, 2002 and made between the Company and the Investment Manager, the Investment Manager has agreed to provide the Company with investment management services as set out in the paragraph headed “The Investment Manager” under the section headed “Investment Management” on the terms and conditions set out therein.
- (b) The Investment Manager shall be entitled to receive the fees as set out in the paragraph headed “Fees and expenses” in the section headed “Investment Management”.
- (c) The Investment Management Agreement is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, and the Underwriting Agreement becoming unconditional and such agreement not being terminated in accordance with its terms or otherwise.
- (d) The Investment Management Agreement is for an initial term of three years commencing on the date of this prospectus and is to continue for successive periods of three years each unless terminated at any time by either the Company or the Investment Manager serving not less than three months’ notice in writing to the other party prior to the expiration of the initial term or the successive term. The Company shall be entitled to terminate the appointment at any time without compensation to the Investment Manager by giving written notice to the Investment Manager if, inter alia, the Investment Manager is grossly negligent or guilty of wilful misconduct or fraud in relation to its obligations under the Investment Management Agreement or in its business acting as investment manager for other entities generally or the Investment Manager ceases to be registered as an investment adviser in Hong Kong. In addition, each party may terminate the Investment Management Agreement with immediate effect at any time by written notice to the other party if, inter alia, one of the parties goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously agreed by the parties), or if a receiver is appointed in respect of the whole or any substantial part of the assets or undertaking of the other party or if the other party commits a material breach of the Investment Management Agreement which is not remedied within 28 days from the date of a written request requiring that the breach be remedied.
- (e) The Investment Management Agreement contains provisions exempting the Investment Manager against any liability in the course of or in connection with the performance of its obligations and duties under the Investment Management Agreement except in cases of bad faith, fraud, misconduct or wilful default or negligence on the part of the Investment Manager.

**8. The Custodian Agreement**

- (a) Pursuant to the Custodian Agreement dated 15th May, 2002 between the Company and the Custodian, the custodian will act as custodian of the assets of the Company including cash.
- (b) The Custodian will be paid the fees described in the paragraph headed “Fees and expenses” under the section headed “Investment Management”.
- (c) The Custodian Agreement is terminable by either the Company or the Custodian giving not less than 30 days’ written notice to the other party at any time. The Company shall be entitled to terminate the Custodian Agreement at any time without compensation to the Custodian by giving written notice to the Custodian at any time if the Custodian is grossly negligent or guilty of wilful misconduct or fraud in relation to its obligations under the Custodian Agreement, is otherwise in material breach of the Custodian Agreement or ceases to be a duly licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) or otherwise ceases to have the necessary capacity to act as a custodian (whether as custodian of the assets of the Group or any other property). In addition, each party may terminate the Custodian Agreement at any time by written notice with immediate effect if, inter alia, either party goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved in writing by the other party), or is unable to pay its debts or otherwise becomes insolvent, or if a receiver is appointed to any of the assets of such other party or if either party is in breach of any material terms of the Custodian Agreement without remedying such breach within 30 days after service of notice requiring the same to be remedied.
- (d) the Custodian shall not be liable to the Company, the Company’s customers, the Investment Manager or to any shareholders of the Company or the Investment Manager for, inter alia, any act or omission in the course of or in connection with the provision of services by the Custodian under the Custodian Agreement except in cases of its negligence, bad faith, fraud, default or misconduct on the Custodian’s part.

**9. Repurchase by the Company of its own Shares**

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own Shares.

*(a) Exercise of the repurchase mandate*

Exercise in full of the repurchase mandate, on the basis of 60,000,000 Shares in issue immediately after completion of the New Issue, could result in up to 6,000,000 Shares being repurchased by the Company during the period until (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 law or the Articles to be held, or (iii) the passing of an ordinary resolution of the Shareholders revoking or varying the authority given to the Directors.

*(b) Reasons for repurchases*

The Directors believe that it is in the best interests of the Company and its Shareholders that they should have the repurchase mandate, thus enabling the Company to repurchase Shares in the market at any appropriate time. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

*(c) Funding of repurchases*

Repurchases of Shares must be funded out of funds legally available for such purposes in accordance with the Articles and the Cayman Islands law.

*(d) General*

The Directors are not aware of any material adverse impact on the working capital or gearing position of the Company in the event that any proposed repurchases were to be carried out in full. The Directors do not propose to exercise the repurchase 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.

None of the Directors, or to the best of their knowledge, having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company if the repurchase mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No “connected persons” (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the repurchase mandate is exercised.

In addition, if as a result of a repurchase of Shares by the Company, a Shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeover Code. As a result, a Shareholder, or a group of Shareholders acting in concert, could be deemed to have thereby obtained or consolidated control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any other consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

**10. Summary of material contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company since its incorporation and are, or may be, material:

- (a) an agreement dated 6th May, 2002 between the Company and Typical Success Limited whereby the Company acquired the entire issued share capital of Good Connection Traders Limited in consideration of HK\$7.8;
- (b) an agreement dated 6th May, 2002 between the Company and Endless Wealth Limited whereby the Company acquired the entire issued share capital of Excel Win Development Corporation in consideration of HK\$7.8;
- (c) the Investment Management Agreement dated 15th May, 2002 between the Company and the Investment Manager which is summarized in the paragraph headed “The Investment Management Agreement” in this appendix;
- (d) the Underwriting Agreement dated 24th May, 2002 between, among others, the Underwriter, the Company and the executive Directors, which is summarized in the paragraph headed “Underwriting arrangements and expenses” under the section headed “Underwriting” on pages 51 to 54 of this prospectus;
- (e) the Custodian Agreement dated 15th May, 2002 between the Company, the Investment Manager and the Custodian which is summarized in the paragraph headed “The Custodian Agreement” in this appendix.

**11. Further information about the Directors***Disclosure of interests*

- (i) none of the Directors has or immediately following the New Issue, will have and none of them is deemed to have any interests in the Company and its associated corporation (within the meaning of the SDI Ordinance), which will have to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they are taken or deemed to have under Section 31, or Part I of the Schedule to, the SDI Ordinance) once the Shares are listed, or which will be required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein once the Shares are listed or which 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 Companies;
- (ii) none of the Directors nor any of the persons whose names are listed in the sub-paragraph headed “Consent of experts” under the section headed “Other information” in this Appendix has any direct or indirect interest in the promotion of the Company or in any assets acquired or disposed of by, or leased to, the Group or are proposed to be acquired or disposed of by or leased to the Group; and

- (iii) save as disclosed herein, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus and which is significant in relation to the business of the Company.
- (iv) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid or allotted on the basis of the New Issue or related transactions as mentioned in this prospectus.

*Particulars of service contracts*

Each of the executive Directors has entered into a service contract with the Company for an initial term of one year and shall continue thereafter commencing on 6th May, 2002 which may be terminated by either party giving to the other three months' prior notice in writing. The annual remuneration for each of the executive Director is HK\$50,000 for the initial term of one year.

*Disclaimers*

- (a) No remuneration or other benefits in kind have been paid by the Company to any Director since the date of incorporation of the Company, nor are any remuneration or benefits in kind payable by the Company to any Director in respect of the current financial year under any arrangement in force at the date hereof other than the service contracts of the executive Directors as disclosed in the subsection headed "Particulars of service contracts" in this appendix and in the paragraph headed "Directors" under the section headed "Information on the Company" in this prospectus.
- (b) Save as disclosed herein, none of the Directors, the Investment Manager, or any associate of any of them is or will become entitled to receive any part of any brokerage charged to the Company, or re-allowance of other types on purchase charged to the Company.
- (c) None of the experts named in paragraph 13 of this Appendix has any shareholding in any member of the Group or the right to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## 12. Substantial Shareholders

Immediately following completion of the New Issue, the following substantial Shareholders will be directly or indirectly interested in the Shares representing 10% or more of the share capital of the Company:

Name	Number of Shares	Percentage of issued Share
Typical Success Limited*	15,000,000	25%
Endless Wealth Limited**	15,000,000	25%

\* Wholly-owned and controlled by Mr. Tsang Cheuk Lau, the chairman and one of the five executive directors of Upbest Group Limited.

\*\* Wholly-owned and controlled by Mr. Chin Melvyn Michael, a third party independent to the Investment Manager.

*Note: Typical Success Limited and Endless Wealth Limited are neither connected parties to each other nor party acting in concert.*

**13. Other information***(a) Qualifications of experts*

The following are the qualifications of the experts which have given their opinion or advice contained in this prospectus:

<b>Name</b>	<b>Qualifications</b>
Upbest Securities Company Limited	Registered investment adviser and dealer under the Securities Ordinance
Conyers Dill & Pearman, Cayman	Cayman Islands attorneys-at-law
PricewaterhouseCoopers	Certified public accountants

*(b) Estate duty and tax indemnity*

The Directors have been advised that no material liability for estate duty under the laws of Hong Kong or the laws of the Cayman Islands is likely to fall on the Company in the Cayman Islands, being the jurisdiction in which the Company is incorporated.

The Company did not enter into any deed of indemnity since its incorporation to the date of this prospectus.

*(c) Sponsor*

Upbest Securities has made an application 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 herein.

*(d) Minimum subscription*

There is no minimum subscription to be raised under the New Issue.

*(e) Preliminary expenses*

The estimated preliminary expenses of the Company are HK\$9,000 and are payable by the Company, and will be treated as an operating expense.

*(f) Promoter(s)*

The Company did not have any promoter.



(g) *Consents of experts*

PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion herein of the accountants' report in Appendix I to this prospectus. In addition, each of Upbest Securities and Conyers Dill & Pearman has given and has not withdrawn their respective written consents to the issue of this prospectus and the reference to their respective names in the form and context in which they are included.

(h) *Material adverse change*

The Directors confirm that since the incorporation of the Company, there has been no material adverse change in the financial or trading position or prospect of the Company.

(i) *Litigation*

No member of the Group has since its incorporation engaged in or is currently engaged in any litigation or arbitration of material importance nor, so far as the Directors are aware, is there any litigation or claim of material importance pending or threatened against the Group.

(j) *General*

- (i) Save as disclosed herein, within two years preceding the date of this prospectus, no shares or debentures have been issued or agreed to be issued, as fully or partly paid up otherwise than in cash.
- (ii) Save as disclosed herein, within two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any capital of the Company or its subsidiary.
- (iii) No founder, management or deferred shares of the Company or its subsidiary have been issued or agreed to be issued.
- (iv) Save as disclosed herein, no Share or loan capital of the Company has been issued or agreed to be issued, whether for cash or otherwise, and no such capital of the Company is proposed to be issued or is under option or agreed conditionally or unconditionally to be put under option.
- (v) Save as disclosed herein, there has been no alteration in the share capital of the Company since its incorporation.
- (vi) Save as disclosed in the accountants report in Appendix I, in the paragraph headed "Directors" under the section headed "Information on the Company" and in the paragraph headed "Particulars of service contracts" in this appendix, no remuneration or other benefits in kind have been paid by the Company to any Director since the date of incorporation of the Company, nor are any remuneration or benefits in kind payable by

the Company to any Director in respect of the current financial year under any arrangement in force at the date hereof.

*(k) Binding effect*

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance.