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## INFORMATION ON THE COMPANY

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### INTRODUCTION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14th September, 2001. The Company is an investment company and will be principally engaged in investments in listed and unlisted companies established or having substantial business in the Greater China. The Company has not commenced operation or business since its incorporation.

### INVESTMENT OBJECTIVES AND POLICIES

The Company is an investment company incorporated in the Cayman Islands with the primary objective of achieving medium to long-term capital appreciation as well as generating income from interests and dividends by investing in listed and unlisted companies in the Greater China. The Company also intends to invest in unlisted companies with the potential to seek a listing on the Stock Exchange or any overseas stock exchanges.

The Company has adopted the following investment policies:

- A substantial portion of investment will be made in listed and unlisted companies in the Greater China having substantial operation in the PRC. To a lesser extent, the Company may also invest in other countries should the Directors consider that such investments would provide attractive returns.
- Investments will normally be made in the form of equity related securities and/or debt securities in listed and unlisted companies in Greater China engaged in different industries including (but not limited to) manufacturing, bio-technology, services, telecommunication, technology, infrastructure, pharmaceuticals and property sectors aiming at maintaining a balance in the Company's exposure to different industry sectors.
- The Company will seek to identify entities with a record of profit growth, strong management, high levels of technical expertise and research and development capabilities as well as management commitment to long term growth. However, the Company is flexible in considering investments in companies or other entities which are considered by the Board and the Investment Manager as being special or in recovery situations. The Board believes that the present market conditions offer various special and attractive investment opportunities.
- Where possible, the Board and the Investment Manager would seek to identify investments where there is a certain degree of synergy with other investee companies and where cooperation between such companies would be of mutual benefit to each other.
- The investments are intended to be held for medium-term to long-term (i.e. one to five years) capital appreciation. The actual holding period will be dependent on the return from investment and the potential of listing on the Stock Exchange or other internationally

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recognised stock exchanges. The Company will, however, realise investments where the Board believes the realisation would be in the best interests of the Company or where the terms on which such realisation can be made are considered by the Board as particularly favourable to the Company.

Investors should note that while it is the intention of the Company to invest its funds in accordance with the investment objectives and policies outline above as far as practicable, due to market and other investment considerations, it may take some time before the funds of the Company are fully invested.

Cash pending investment, reinvestment or distribution will be placed in bank deposits in any currency, bonds or treasury securities issued by the government of the US or the government of Hong Kong, or their respective agencies, for the purpose of protecting the capital value of the Company's cash assets. These funds may also be invested in securities and other instruments denominated in any currency issued by various governments or international development agencies.

In order to hedge against interest rate risks or currency risks, the Company may enter into forward interest rate agreements, forward currency agreements, interest rates and bond futures contracts and interest rate swaps and purchase and write (sell) put or call options on interest rates and put or call options on futures on interest rates. The Company will only engage in transactions in options and futures which are traded on recognized securities or futures exchanges and for hedging purpose only.

The Company's investment objectives and policies will remain in force for a minimum period of three years from the date of this prospectus unless otherwise decided by the Shareholders by ordinary resolution in a general meeting. The Board has no present intention to change the investment objectives and policies.

### INVESTMENT RESTRICTIONS

Under the Articles and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. To abide by such restrictions, the Board has resolved that the Company may not:

1. either itself or through its wholly-owned subsidiaries or in conjunction with any connected person take legal, or effective, management control of underlying investments and in no event will the Company itself or through its wholly-owned subsidiaries own or control more than 30% (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the voting rights in such company or other entity, except in relation to such wholly-owned subsidiaries of the Company;
2. invest in any company or entity other than wholly-owned subsidiaries of the Company if such investment will result in more than 20% of the Net Asset Value being invested in such company or entity as at the date the investment is made;

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3. buy or sell commodities, commodity contracts or precious metals, except that it may purchase and sell future contracts on stock indices and securities which are secured by commodities or precious metals; and
4. invest more than 30% of the Company's assets outside Greater China to the extent of contravening its primary objective of achieving medium- to long-term capital appreciation by investing in listed and unlisted companies in Greater China.

The Company has to comply with investment restrictions 1 and 2 above at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules, and these restrictions are also contained in the Articles.

Investment restrictions 3 and 4 cannot be changed for at least 3 years from the date of this prospectus without the approval of the Shareholders by way of an ordinary resolution.

The Board has no present intention to change any of the above-mentioned investment restrictions.

### CONNECTED TRANSACTIONS

#### Tenancy Agreement

Pursuant to a tenancy agreement dated 15th November, 2001 entered into between the Company and Kinvick Limited, the Company shall pay to Kinvick Limited a monthly rent of HK\$10,000 in advance in return for the occupation of the premises. This tenancy agreement is for a term of one year and shall at the option of the Company be renewed for one year on the same terms and conditions. The Company may by 3 month written notice in advance terminate the tenancy.

Kinvick Limited is beneficially wholly-owned by Mr. Chan Yan Ming, Michael, an executive Director. Mr. Chan Yan Ming, Michael is a connected person of the Company under the Listing Rules; accordingly, the tenancy agreement constitutes a connected transaction of the Company under the Listing Rules. It is expected that the total rent per annum payable to Kinvick Limited is less than the higher of HK\$1 million or 0.03% of the book value of the net tangible assets of the Company and therefore will not be subject to any disclosure requirement under Rule 14.24(5) of the Listing Rules. The Company will comply with the applicable requirements under Chapter 14 of the Listing Rules and disclose full details by press notice and/or seek independent Shareholders' approval if the total rent per annum payable to Kinvick Limited during its term of agreement in respect of each financial year of the Company exceeds the de-minimis thresholds as set out in Rule 14.24(5) and/or Rule 14.25(1) of the Listing Rules.

The Board, including the independent non-executive Directors, and Dao Heng Securities are of the view that the tenancy agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms of the tenancy agreement are fair and reasonable so far as the Shareholders and the Company are concerned.

### **Interim Investment Management Agreement**

Pursuant to the Interim Investment Management Agreement, the Interim Investment Manager has agreed to provide interim investment management services to the Company for an initial 6 month period, commencing from the date of listing of the Company on the Stock Exchange and to an extension of successive periods of 3 months each. The Interim Investment Management Agreement commences on the date of the commencement of the trading of the Shares on the Stock Exchange and expires on the earlier of the date falling exactly six months from the date of the commencement of the trading of the Shares on the Stock Exchange or the seventh Business Day after receipt by the Interim Investment Manager from the Company of the notice of approval for registration of the Investment Manager as an investment adviser under the Securities Ordinance. Details of the terms and conditions of the Interim Investment Management Agreement are set out under the section headed “Investment management” in this prospectus. The Company will pay the Interim Investment Manager a fee payable monthly in advance at 2.5% per annum of the Net Asset Value as at the date of listing of the Company on the Stock Exchange, on the basis of the actual number of days in the relevant calendar month over a year of 365 days. Save as disclosed above, there is no other fees or incentives that will be entitled by the Interim Investment Manager.

Mr. Andrew Nan Sherrill, an executive Director, through AsiaVest Partners Limited, is beneficially interested in 100% of the issued share capital of the Interim Investment Manager. The Interim Investment Manager is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the Interim Investment Management Agreement constitutes a connected transaction for the Company under the Listing Rules. It is expected that the total investment management fee payable to the Interim Investment Manager during the initial six-month term and the successive periods of 3 months each will be less than HK\$10 million or 3% of the book value of the net tangible assets of the Company for each financial year and therefore does not require independent Shareholders’ approval under Rule 14.25 of the Listing Rules. If the total investment management fee payable to the Interim Investment Manager during its term of service in respect of each financial year of the Company exceeds the de-minimus thresholds as set out in Rule 14.24(5) and/or 14.25(1), the Company will comply with Rule 14.26 and disclose full details by press notice and seek independent Shareholders’ approval for the payment of the investment management fee to the Interim Investment Manager. Details of the Interim Investment Management Agreement will be included in the next published audited accounts of the Company.

The Board, including the independent non-executive Directors, and Dao Heng Securities are of the view that the Interim Investment Management Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms of the Interim Investment Management Agreement are fair and reasonable so far as the Shareholders and the Company are concerned.

### **Custodian Agreement**

Pursuant to the Custodian Agreement, the Custodian has agreed to provide securities services to the Company including the safe custody and physical settlement of the securities in the investment portfolio of the Company, and the collection of dividends and other entitlements in respect of such securities. The Custodian Agreement will become effective on the date of the Custodian Agreement

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and will continue in force until terminated by either the Company or the Custodian giving to the other party not less than 90 days' notice in writing expiring at any time. Details of the fees to be charged by the Custodian to the Company are set out in the paragraph headed "Custodian fee" under the section headed "Investment management" on page 51 of this prospectus.

The Custodian is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the Custodian Agreement constitutes a continuing connected transaction for the Company under the Listing Rules. The custodian fee payable to the Custodian is expected to be below the de-minimis threshold under Rule 14.24(5) of the Listing Rules, and will be exempted from reporting, announcement and/or shareholders' approval requirements under the Listing Rules. The Company will comply with the applicable requirements under Chapter 14 of the Listing Rules and disclose full details by press notice and/or seek independent Shareholders' approval if the custodian fee payable to the Custodian during its term of service in respect of each financial year of the Company exceeds the de-minimis thresholds as set out in Rule 14.24(5) and/or Rule 14.25(1) of the Listing Rules.

The Board, including the independent non-executive Directors, and Dao Heng Securities are of the view that the Custodian Agreement has been entered into on normal commercial terms and arm's length basis and in the ordinary and usual course of business of the Company, and that the terms of the Custodian Agreement are fair and reasonable to the Shareholders and the Company as a whole.

### **Investment Management Agreement**

Pursuant to the Investment Management Agreement, the Investment Manager has agreed to provide the Company with investment management services for an initial term of three years commencing on the date immediately after the expiration of the term of the Interim Investment Management Agreement and is, subject to the approval of the independent Shareholders, to continue for successive periods of three years for an investment management fee payable semi-annually in advance in Hong Kong dollars at 2.5% per annum of the Net Asset Value as at the immediately preceding Valuation Date on the basis of the actual number of days in the relevant calendar months over a year of 365 days. The Investment Manager is also entitled to an incentive fee equivalent to 15% of the surplus in the Net Asset Value as at the Last Incentive Date in a Financial Year less the Net Asset Value as at the Last Incentive Date of the preceding Financial Year which shall be payable annually in arrears within 10 business days after the annual accounts of the Company have been approved by the Shareholders.

Details of the terms and conditions of the Investment Management Agreement are set out under the section headed "Investment management" in this prospectus.

The Investment Manager is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the Investment Management Agreement constitutes a connected transaction for the Company under the Listing Rules.

### **Application for waiver**

The Stock Exchange would normally require full disclosure by press notice and prior approval by independent shareholders if the aggregate value of a connected transaction in a financial year is

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more than HK\$10 million or 3% of the net tangible assets of the Company as disclosed in its latest published audited accounts. Given that the Investment Management Agreement is an on-going contract, the Directors are of the view that it would be impractical and unduly onerous on the part of the Company if the Company is required to fully comply with the disclosure and/or to obtain independent Shareholders' approval as set out in Chapter 14 of the Listing Rules for each transaction contemplated under the Investment Management Agreement whenever it arises.

In view of the above, the Company has applied to the Stock Exchange for a waiver from strict compliance with the disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of the transactions contemplated under the Investment Management Agreement for the initial term of the Investment Management Agreement, which is three years. The Stock Exchange has indicated that such a waiver will be granted for a three year period from the date of commencement of the Investment Management Agreement up to the expiration of the initial term based on the following conditions:

1. the Investment Management Agreement has been entered into by the Company:
  - (a) in its ordinary and usual course of business;
  - (b) on normal commercial terms and on arm's length basis; and
  - (c) on terms that are fair and reasonable so far as the independent Shareholders and the Company are concerned;
2. the value of the annual investment management fee and the incentive fee payable to the Investment Manager will not exceed 2.5% of the Net Asset Value and 15% of the surplus Net Asset Value (as detailed in the Investment Management Agreement) for the relevant year respectively;
3. during the term of the Investment Management Agreement, the Company's independent non-executive Directors will review the Investment Management Agreement annually and confirm in the Company's next and each successive annual report that:
  - (a) the transactions contemplated under the Investment Management Agreement have been entered into by the Company in the ordinary and usual course of its business and are conducted in accordance with the terms of the Investment Management Agreement;
  - (b) the transactions contemplated under the Investment Management Agreement have been entered into on normal commercial terms and on arm's length basis;
  - (c) the transactions contemplated under the Investment Management Agreement have been entered into on terms that are fair and reasonable so far as the Shareholders and the Company are concerned; and

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- (d) the value of the annual investment management fee and incentive fee payable to the Investment Manager do not exceed the relevant caps as stated in paragraph 2 above;
- 4. details of the transactions contemplated under the Investment Management Agreement as set out in Rules 14.25(l)(A) to (D) of the Listing Rules shall be disclosed in the Company's next and each successive annual report;
- 5. during the term of the Investment Management Agreement, the auditors of the Company shall review the Investment Management Agreement annually and provide the Board with a written confirmation stating whether:
  - (a) the transactions contemplated under the Investment Management Agreement have been approved by the Directors;
  - (b) the transactions contemplated under the Investment Management Agreement have been conducted in accordance with the terms thereof; and
  - (c) the value of the annual investment management fee and incentive fee payable to the Investment Manager do not exceed the relevant caps as stated in paragraph 2 above.

Upon expiry of the waiver, the Company will have to apply, if necessary, for another waiver from the Stock Exchange, which will be subject to the independent Shareholders' approval.

In the event the annual investment management fee and incentive fee exceed the thresholds as stated in the Investment Management Agreement or if the Company enters into any new agreement with any connected person, the Company will comply in full with the relevant provisions of Chapter 14 of the Listing Rules unless the Company applies for and obtains a separate waiver from the Stock Exchange.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those in force as at the date of this prospectus to transactions of the kind to which the above connected transaction belongs including, but not limited to, a requirement that such transactions be made conditional on approval by the Shareholders, the Company will take immediate steps to ensure compliance within a reasonable time.

The Board, including the independent non-executive Directors, and Dao Heng Securities are of the view that the Investment Management Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms of the Investment Management Agreement are fair and reasonable so far as the Shareholders and the Company are concerned.

### **FOREIGN EXCHANGE POLICY**

The Company's investments may be denominated in currencies other than Hong Kong dollars, and there is accordingly an exchange risk. A summary of the major foreign exchange controls or restrictions in the PRC as at the Latest Practicable Date is set out on page 56 of this prospectus.

### VALUATION OF NET ASSETS

The Custodian will provide the Board with a valuation of the Company's assets under its custody at the end of each month. The Interim Investment Manager will not be responsible for the calculation and publication of the Net Asset Value. During the term of the Interim Investment Management Agreement, the Board, with the assistance of the Interim Investment Manager, will calculate the Net Asset Value as at each Valuation Date and publish the Net Asset Value within fifteen days after the end of each month. Upon commencement of the term of the Investment Management Agreement, the Investment Manager will calculate the Net Asset Value as at each Valuation Date and publish the same within fifteen days after the end of each month. As the valuation of the Net Asset Value will be published in the name of the Company, it is the responsibility of the Directors to ensure that the figures published are accurate. Accordingly, the Directors will have to check the calculation before the information is published.

The Net Asset Value will be calculated in accordance with the valuation methods set out in the Articles where:

- (i) the valuation will be prepared in Hong Kong dollars and any assets or liabilities denominated in a currency other than Hong Kong dollars will be converted into Hong Kong dollars at such rate of exchange as the investment manager shall in its absolute discretion determine to be prevailing at the close of business on the relevant Valuation Date;
- (ii) investments (not including securities in collective investment schemes) quoted, listed, traded or dealt in on any market shall be taken at the last transacted price on that market as at the official close of such market on the relevant Valuation Date or the trading date immediately prior to the relevant Valuation Date if such Valuation Date is not a trading date on that market;
- (iii) each unquoted investment shall be valued at cost and such other price as may be determined by the investment manager if it concludes that the investment manager has available to it sufficient reliable information upon which such a valuation is based;
- (iv) there will be included in the valuation any interest accrued and any dividends declared but not yet received as at the relevant Valuation Date;
- (v) in calculating the Net Asset Value, there will be deducted all liabilities of the Company, such provisions and allowances for contingencies as the investment manager considers appropriate and such provisions and allowances in respect of costs and expenses payable by the Company as notified by the investment manager; and
- (vi) the Board may permit some other methods of valuation to be used if a particular investment is not or cannot be valued as above or if the Board considers that the use of some other valuation methods better reflects the fair value of the investment.

For the purpose of preparing any valuation, the Directors are entitled to obtain, at the expense of the Company, and to rely on, such independent professional advice as they consider appropriate.

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Any changes to the valuation guidelines set out in the Articles will require an amendment to the Articles.

The Board is empowered by the Articles to suspend calculation of the Net Asset Value upon the occurrence of any of the following events:

- (i) when, as a result of political, economic, military or momentary events or any circumstance outside the control, responsibility and power of the Company, disposal of investments is not reasonably practicable without materially and adversely affecting and prejudicing the interests of the Shareholders, or if, in the opinion of the Board, the value of any of the investments or other assets of the Company cannot reasonably or fairly be ascertained; or
- (ii) when a breakdown occurs in any of the means normally employed in ascertaining the value of investments or when for any other reason the value of any of the investments or other assets of the Company cannot be reasonably or fairly ascertained.

In the event that calculation of the Net Asset Value is suspended at the time at which the investment management fee or incentive fee payable to the Investment Manager pursuant to the Investment Management Agreement is to be calculated, the payment to the Investment Manager of the applicable fee will also be suspended until calculation of the Net Asset Value resumes.

### **BORROWING POWER**

Pursuant to the Articles, the Company may exercise its borrowing power to borrow up to an aggregate principal amount representing not more than 50% of the latest available Net Asset Value at the time the borrowing is made. In the event that the borrowing should exceed 50% of the latest available Net Asset Value, the Company must obtain prior approval of the Shareholders at a general meeting. The Company's assets may be charged or pledged as security for borrowings. Subject to the provisions of the Memorandum, the Articles, the Interim Investment Management Agreement and the Investment Management Agreement, the Company may from time to time borrow for the purposes of providing liquidity or taking advantage of investment opportunities.

### **DISTRIBUTION POLICY**

Interest, dividends and other income of the Company will be used first to meet expenses. The Interim Investment Manager or the Investment Manager (as the case may be) will then assess whether it is reasonable to make provisions for future expenses and/or any possible diminution in value of investments, and will consider the amount of cash which should be retained by the Company for future investments. It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by law, the Memorandum and the Articles. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. Distributions (if any) will be made annually after the annual accounts of the Company are approved by the Shareholders but interim distributions may be made from time to time to the Shareholders if it appears to the Board to be justified by the financial position of the Company. Distributions will be made in Hong Kong dollars.

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### USE OF PROCEEDS

The net proceeds of the Share Offer after deduction of fees, commissions and other expenses to be borne by the Company is estimated to be approximately HK\$93 million (assuming that the Over-allotment Option is not exercised). It is presently intended that the net proceeds of HK\$93 million will be applied in investments according to the investment policies and objectives of the Company adopted by the Company from time to time and the requirements of the Memorandum, the Articles, the Listing Rules, the Interim Investment Management Agreement and the Investment Management Agreement (as the case may be). Any proceeds not invested will be placed in bank deposits in any currency, bonds or treasury securities issued by the government of Hong Kong or the government of the United States or their respective agencies, or securities or other instruments denominated in any currency issued by various governments or international development agencies.

### EXPECTED INVESTMENT DISTRIBUTION

The following illustrates the expected initial investment distribution of the Company. However, the investment distribution may vary depending on the market and economic conditions prevailing from time to time. Investors should use the following as a general guideline only:

Cash or cash equivalents	10%
Equities and equity related	
listed companies	45%
unlisted companies	<u>45%</u>
	<u>100%</u>

### DISTRIBUTABLE RESERVES

Under Cayman Islands law, the share premium of the Company is available for paying distributions or dividends to the Shareholders subject to the provisions of the Memorandum and the Articles and a statutory solvency test. In accordance with the Articles, no dividend shall be declared or payable except out of the profits and reserves set aside from the profits of the Company. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with Cayman Islands law.

### PUBLISHED INFORMATION

The Net Asset Value as at each Valuation Date calculated in Hong Kong dollars will be provided by the Investment Manager (or by the Company before the Investment Manager becomes the investment manager of the Company) and will be published in one Chinese language and one English language newspapers gazetted for the purpose of publishing a public notice in Hong Kong within fifteen days after the end of each month.

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A copy of the audited annual financial statements and unaudited interim financial statements of the Company will be sent to the Shareholders within four months and three months respectively after the end of the financial periods to which they relate. All financial statements will be printed in both English and Chinese and further copies will be available on request from the Company and the Investment Manager.

### HONOURABLE CHAIRLADY

焦素芬女士 (Jiao Shu Fen), aged 63, was the Deputy Director General and subsequently the Director General of the Department of Foreign Investment Administration (外國投資管理司司長) in the Ministry of Foreign Trade and Economic Cooperation, PRC (中國對外貿易經濟合作部) from 1990 to 1994. She has retired and is currently acting as a consultant to 中國凱利實業有限公司.

As the honourable chairlady of the Company, Ms. Jiao Shu Fen will not be involved in the daily management of the Company but rather she will be involved in the building up of business relationship for the Company.

### DIRECTORS

The Board is responsible for the management and formulation of the Company's overall investment strategies and guidelines in accordance with the investment objectives and policies of the Company. The Board comprises the following persons:

#### Executive Directors

*Mr. Chan Yan Ming, Michael*, aged 51, graduated from the University of North Dakota in the US with a bachelor's degree of science in Business Administration in 1976 and a master degree in business administration in 1978. He has 20 years of experience in the finance area including capital and money markets. He worked with Hysan Development Co. Limited, a company listed on the Stock Exchange, for 17 years between 1982 and 1999. He was the finance director of Hysan Development Co. Limited between 1991 and early 1999 responsible for formulating its long and short term financial strategies and policies. As a finance director of the company, he was also in charge of the company's corporate finance activities, including a series of acquisition transactions and direct investments. Mr. Chan had various experience in fund raising exercise as he handled the company's placements, public debt issues and international rating. From 1985 to 1999, he was also responsible for managing an investment portfolio with a maximum size of \$3 billions consisting mainly of Hong Kong equities and a small portion of overseas securities and fixed rate income notes.

*Mr. Andrew Nan Sherrill*, aged 44, is a graduate of the United States Military Academy, West Point, New York, US with a bachelor of science degree. He has over 16 years of experience in capital market and fund management in the US and Asia. He is the founder and the managing director of the Interim Investment Manager which was incorporated in May 1997 and is wholly beneficially owned by Mr. Sherrill. From 1997 to 1999, the Interim Investment Manager was appointed the investment adviser of the AsiaVest "Mid Cap Value" Fund, an offshore fund which was not offered for sale to the Hong Kong public. The fund was launched in 1997 by issuing 32 million shares at US\$1.00 each raising US\$32 million. Since the financial turmoil in August 1997, the overall market condition for

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medium and small cap listed companies was both poor in liquidity as well as performance. From 1st January, 1999 to 17th June, 1999 (the last date of the valuation of the fund), around 50% of the holders of the fund redeemed the shares. Due to the majority of shareholders of the fund requesting for redemption, the directors of the fund were of the opinion that the poor current market condition at that time and the remaining size of the fund would no longer be fair for the remaining shareholders of the fund to be continuing operative on a cost effective and efficient basis. The fund closed down in 1999. Since 1999, Mr. Sherrill, through the Interim Investment Manager, has been focusing its investment and advisory service to companies in Japan and Asia which include advisory services on fund raising exercises, restructuring of debt and capital base, mergers and acquisitions. Since 1997, both the Interim Investment Manager and Mr. Sherrill have been registered as investment advisers under the Securities Ordinance. Between 1992 and mid-1995, Mr. Sherrill was a director of Kwang Hua Securities Investment & Trust Co., Ltd., the investment manager of The Formosa Growth Fund Limited which was formerly listed on the Stock Exchange. During the period from March 1993 to March 1995, he was also the managing director of Shanghai International Asset Management (Hong Kong) Company Limited managing the fund of Shanghai International Shanghai Growth Investment Limited, an investment company listed on the Stock Exchange since 1993 with a fund size of US\$91 million and US\$61 million as at 31st December, 1994 and 31st December, 2000 respectively.

*Mr. Ma Kam Fook, Robert*, aged 50, graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration in 1973. He has over 10 years of experience in banking and finance field in the Asia Pacific Region. From 1994 to 2001, he was an executive director of Sino-Pacific Light Industry Fund Management Limited responsible for managing a third party fund, the China Light Industry Fund, with a fund size of US\$33 million at the time of launch in 1993, US\$27 million at 31st December, 1997, US\$23 million at 31st December, 1998 and US\$23 million at 31st December, 1999. The fund was initially established for an unlimited duration. However, if the fund could not be listed on any stock exchange before its fifth anniversary due in 1998, the directors of the fund would convene an extraordinary general meeting of the fund for the purpose of considering a realisation resolution, or otherwise. Pursuant to a special resolution passed at an extraordinary general meeting of the fund in December 1998, the life of the fund was extended for two years to December 2000. Due to the market performance, the fund was never listed. The directors and the shareholders therefore determined not to extend the fund further and decided to liquidate it in April 2001. Mr. Ma was responsible for identifying target companies for investment, performing valuations, execution and monitoring the investment performance from time to time. In the 1990s, he served as vice president of NMB Postbank Group N.V. responsible for the group's corporate finance activities, including but not limited to, arrangement of loan origination and syndication, merger and acquisition, structured and project finance. He was admitted as an associate member of the Canadian Institute of Chartered Accountants in 1984 and as a fellow member of Hong Kong Society of Accountants in 1987. He was registered as an investment advisor under the Securities Ordinance for the period between February 1995 and May 2001. Following the liquidation of the China Light Industry Fund in April 2001, he ceased to act as an investment adviser of Sino-Pacific Light Industry Fund Management Limited and his registration as an investment adviser under the Securities Ordinance lapsed. It is expected that he will be re-registered as an investment adviser under the Securities Ordinance in or about June 2002.

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### **Non-executive Director**

*Mr. Joel Lazare Hohman*, aged 41, graduated from Dauphine University with a bachelor's degree in business administration in 1982. He has over 10 years of experience in the capital markets in Europe and Asia. Since 1989, he has been an associate director of Eurasia Finance, a French company acted as agent for selling Asian equities to European financial institutions and professional investors.

### **Independent Non-executive Directors**

*Mr. Chan Wai Dune*, aged 49, has over 20 years of experience in the finance sector, particularly in auditing and taxation area. He is a certified public accountant and is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Society of Accountants and the Taxation Institute of Hong Kong. He sits on the boards of a number of private and publicly listed companies in Hong Kong.

*Mr. Liu Kwok Fai, Alvan*, aged 39, graduated from the University of Manitoba in Canada with a bachelor's degree of arts and economics in 1985. He thereafter continued to pursue his legal qualification and completed the law society's final examination at Bristol Polytechnic in the United Kingdom in 1989. He is the senior partner of a law firm, Messrs. Alvan Liu & Partners, and a China-appointed attesting officer appointed by the Ministry of Justice of the PRC. He has been appointed as the legal adviser of a number of organizations and associations in Hong Kong, including the Hong Kong Small and Medium Business Association and Shun Tak Fraternal Association and as member of a number of Hong Kong governmental committees, including the Contractors Registration Committee of the Hong Kong Building Authority and Wong Tai Sin District Fight Crime Committee. He was an appointed member of the Wong Tai Sin District Board from 1997 to 1999. In addition to his appointment in the Company, he is also an independent non-executive director of three listed companies in Hong Kong.

### **AUDIT COMMITTEE**

The Company established an audit committee on 25th January, 2002 with written terms of reference in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules. Amongst other duties, the principal duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Company.

The Company's audit committee comprises two independent non-executive Directors, namely, Mr. Chan Wai Dune and Mr. Liu Kwok Fai, Alvan.

### **SHARE OPTION SCHEME**

The Company has conditionally adopted the Share Option Scheme which, in the opinion of the Directors, will assist the Company in retaining high calibre executives and employees. The principal terms of the Share Option Scheme are summarised in the section headed "Share Option Scheme" in Appendix III to this prospectus.