

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

The Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 12 May, 1998. The Company has established a place of business in Hong Kong at Unit 3301, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong and was registered as an oversea company in Hong Kong under Part XI of the Companies Ordinance on 13 May, 2002. Mr. Wong Shui Hing of Flat B, 20th Floor, Block 15, City One, Shatin, New Territories, Hong Kong and Mr. Chan Ngai Chi of Room 1003, Yu Hing House, Hing Wah Estate, Chai Wan, Hong Kong have been appointed as the authorised representatives of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. As the Company is incorporated in Bermuda, it operates subject to the Companies Act and to its constitutional documents which comprises a Memorandum of Association and the Bye-laws. A summary of various provisions of its constitutional documents and relevant aspects of the Companies Act is set forth in Appendix III to this prospectus.

2. Changes in share capital of the Company

At the date of incorporation of the Company, its authorised share capital was HK\$100,000 divided into 1,000,000 Shares, all of which were issued and allotted nil paid to Mr. Cheok on 13 March, 2001.

Pursuant to written resolutions of the sole shareholder of the Company passed on 29 May, 2002, the authorised share capital of the Company was increased to HK\$1,000,000 by the creation of a further 9,000,000 Shares, which were on that date issued and allotted, credited as fully paid, as described in the paragraph “Corporate reorganisation” below. In addition, the 1,000,000 Shares issued and allotted nil paid on 13 March, 2001 were also credited as fully paid on 29 May, 2002 as described in the paragraph “Corporate reorganisation” below.

Pursuant to written resolutions of all the shareholders of the Company dated 30 May, 2002, the authorised share capital of the Company was further increased from HK\$1,000,000 to HK\$200,000,000 by the creation of a further 1,990,000,000 Shares as described in the paragraph “Written resolutions of all the shareholders of the Company passed on 30 May, 2002” below.

Immediately following completion of the New Issue and the Capitalisation Issue but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any option granted under the Share Option Scheme, the authorised share capital of the Company will be HK\$200,000,000 divided into 2,000,000,000 Shares of which 640,000,000 Shares will have been issued and allotted fully paid or credited as fully paid, and 1,360,000,000 Shares will remain unissued. On the basis that the Over-allotment Option is exercised in full, 664,000,000

Shares will have been issued and allotted fully paid or credited as fully paid and 1,336,000,000 Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, there is no present intention to issue any Shares out of the authorised but unissued share capital of the Company, without the prior approval of the members in general meeting, or to issue any Shares which would effectively alter the control of the Company.

Save as disclosed herein and as mentioned in the following paragraphs respectively headed “Written resolutions of all the shareholders of the Company passed on 30 May, 2002” and “Corporate reorganisation”, there has been no alteration in the share capital of the Company since the date of its incorporation.

3. Written resolutions of all the shareholders of the Company passed on 30 May, 2002

On 30 May, 2002 written resolutions of all the shareholders of the Company were passed pursuant to which, among other things:

- (a) the Company approved and adopted its existing Bye-laws;
- (b) the authorised share capital of the Company was further increased from HK\$1,000,000 to HK\$200,000,000 by the creation of a further 1,990,000,000 Shares;
- (c) conditional on (i) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, and (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise, in each case, on or before 6:00 p.m. on the business day immediately before the date on which trading in the Shares first commences on the Main Board:
 - (i) the New Issue and the Over-allotment Option were approved and the Directors were authorised to allot and issue the New Shares and to allot and issue such number of Shares as may be required upon the exercise of the Over-allotment Option;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph 12 of this appendix headed “Share Option Scheme”, were approved and adopted, and the Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;

- (iii) conditional on the share premium account of the Company being credited as a result of the issue of New Shares pursuant to the New Issue, the Directors were authorised to capitalise an amount of HK\$47,000,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 470,000,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of the Company at close of business on 30 May, 2002 (or as they may direct) in the following manner:

Name of Shareholder	No. of Shares to be issued and allotted
Mr. Cheok	47,000,000
Inni International	423,000,000

- (iv) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Bye-laws, or pursuant to the exercise of any options which may be granted under the Share Option Scheme or other similar arrangement or under the New Issue or the capitalisation issue or upon the exercise of the Over-allotment Option, Shares with an aggregate nominal amount not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue following the New Issue, the Capitalisation Issue and the exercise (if any) of the Over-allotment Option and (bb) the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to the authority granted to the Directors as referred to in paragraph (v) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Bye-laws or any applicable Bermuda law to be held or the passing of an ordinary resolution by shareholders of the Company revoking or varying the authority given to the Directors, whichever occurs first;
- (v) a general unconditional mandate was given to the Directors to exercise all powers of the Company to repurchase Shares 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 Securities and Futures Commission of Hong Kong and the Stock Exchange with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned herein (including the Shares which may be issued pursuant to the Over-allotment Option) until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Bye-laws or any applicable Bermuda law to be held or the passing of an ordinary resolution by shareholders of the Company revoking or varying the authority given to the Directors, whichever occurs first; and

- (vi) the extension of the general mandate to allot, issue and deal with Shares as referred to in paragraph (iv) above to include the nominal amount of the share capital of the Company which is repurchased pursuant to sub-paragraph (v) above was approved.

4. Corporate reorganisation

The companies comprising the Group underwent the following reorganisation to rationalise the Group's structure in preparation for the listing of the Shares on the Main Board:

- (a) On 15 October, 2001, each of Mr. Cheok Ho Pang, Mr. Tsui Tak Ming, Ms. Pang Yung Or, Ms. Cheok Wai Han and Ms. Lee Shou King (all being relatives of Mr. Cheok) transferred NT\$535,000 (53.5%), NT\$50,000 (5%), NT\$105,000 (10.5%), NT\$105,000 (10.5%) and NT\$105,000 (10.5%) respectively in the capital contribution in Topsearch Taiwan to Topsearch HK at nil consideration.
- (b) On 15 May, 2002, Topsearch Industries issued 999 and 1 ordinary shares in the name of Topsearch Industries (BVI) and Mr. Cheok respectively.
- (c) On 15 May, 2002, each of the 2,000,100 shares and 17,999,900 shares of HK\$1.00 each in the capital of Topsearch Industries held by Mr. Cheok and Inni International respectively were converted into a non-voting deferred share ("Non-voting deferred share") having such rights and subject to such restrictions as set out below:
 - (i) the Non-voting deferred shares shall not entitle the holders thereof to share in any profit of Topsearch Industries;
 - (ii) on a return of assets on winding up or otherwise, the assets of Topsearch Industries shall be distributed as regards the first HK\$500,000,000,000,000 thereof among holders of the ordinary shares, one half of the balance thereof among holders of the non-voting deferred shares and the remaining balance thereof among holders of the ordinary shares; and
 - (iii) the Non-voting deferred shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of Topsearch Industries except when resolutions are proposed for varying or abrogating any rights or privileges of such holders or for the purpose of reduction of share capital.

In consideration of Mr. Cheok and Inni International consenting to the conversion of their shares in Topsearch Industries as aforesaid, Topsearch Industries (BVI) allotted and issued 4,999 shares and 45,000 shares of US\$1.00 each in its capital to Mr. Cheok and Inni International respectively.

- (d) On 21 May, 2002, Mr. Cheok Ho Pang, Ms. Pang Yung Or, Ms. Cheok Wai Han and Ms. Lee Shou King (all being relatives of Mr. Cheok) transferred NT\$70,000 (7%), NT\$10,000(1%), NT\$10,000 (1%) and NT\$10,000 (1%) respectively in the capital contribution in Topsearch Taiwan to Topsearch HK at an aggregate consideration of HK\$4.00.
- (e) On 29 May, 2002, Mr. Cheok and Inni International transferred 5,000 shares and 45,000 shares respectively of US\$1.00 each in the capital of Topsearch Industries (BVI) and in exchange for which the Company (i) allotted and issued 9,000,000 Shares to Inni International; and (ii) credited and fully paid at par the 1,000,000 Shares allotted and issued nil paid to Mr. Cheok on 13 March, 2001.

5. Changes in share capital of subsidiaries of the Company

The subsidiaries of the Company are referred to in the accountants' report, the text of which is set forth in Appendix I to this prospectus. Save as disclosed in this prospectus and except as referred to in the paragraph headed "Corporate reorganisation" above, there has been no alteration in the share capital of any subsidiary of the Company within the two years immediately preceding the date of this prospectus.

6. 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 securities.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listing is on the Main Board to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of securities, which must be fully paid up in the case of shares, on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

Note: Pursuant to written resolutions passed by all the shareholders of the Company on 30 May, 2002, a general unconditional mandate (the "buyback mandate") was granted to the Directors authorising the repurchase by the Company 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 Securities and Futures Commission of Hong Kong and the Stock

Exchange for this purpose, of 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 (including the Shares which may be issued pursuant to the Over-allotment Option) at any time until the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable Bermuda law to be held or when such mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting, whichever is the earliest.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Bye-laws and the laws of Bermuda. Under Bermuda law, any repurchases by a company may only be paid out of the capital paid up on the relevant shares or the funds of the company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for this purpose. The amount of premium (if any) payable on a repurchase may only be paid out of the funds of the company which would otherwise be available for dividend or distribution or out of the share premium account of the company.

(iii) *Shares to be repurchased*

The Listing Rules provide that the shares which are proposed to be repurchased by a company must be fully paid up.

(b) *Reasons for repurchases*

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders to enable the Company to repurchase the Shares in the market. Repurchases of the Shares will only be made when the Directors believe that such repurchases will benefit the Company and its members as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and, or earnings per Share.

(c) *Funding of repurchases*

In repurchasing securities, the Company may only apply funds legally available for such repurchase in accordance with its memorandum of association and the Bye-laws, the Listing Rules and the applicable laws and regulations of Bermuda and Hong Kong.

The Directors consider that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position disclosed in this prospectus. However,

the Directors do not propose to exercise the buyback 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.

(d) *Directors' undertaking*

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

(e) *Disclosure of interests*

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates, as defined in the Listing Rules, has any present intention to sell any Shares to the Company or its subsidiaries.

No connected person, as defined in the Listing Rules, has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the buyback mandate is exercised.

(f) *Takeovers Code consequences*

If, as a result of a securities repurchase pursuant to the buyback mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a shareholder, or a group of shareholders acting in concert, depending on the level of increase of shareholders' interest, could obtain or consolidate control of the company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. The Directors are not aware of any consequences which may arise under the Takeovers Code if the buyback mandate is exercised.

Upon completion of the New Issue and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised), should the Company fully exercise the repurchase mandate, the shareholding held by the Substantial Shareholders, in aggregate, will increase from 75.0% to 83.3%. In any event, the Company will take appropriate steps to ensure that the Shares held by the public will not be less than 25%.

FURTHER INFORMATION ABOUT THE BUSINESS**7. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years preceding the date of this prospectus and are or may be material:—


- (a) an agreement dated 15 October, 2001 between Mr. Cheok Ho Pang, Mr. Tsui Tak Ming, Ms. Pang Yung Or, Ms. Cheok Wai Han and Ms. Lee Shou King (all being relatives of Mr. Cheok) and Mr. Cheok whereby Mr. Cheok Ho Pang, Mr. Tsui Tak Ming, Ms. Pang Yung Or, Ms. Cheok Wai Han and Ms. Lee Shou King transferred NT\$535,000 (53.5%), NT\$50,000 (5%), NT\$105,000 (10.5%), NT\$105,000 (10.5%) and NT\$105,000 (10.5%) in the capital contribution in Topsearch Taiwan to Topsearch HK at nil consideration;
- (b) an agreement dated 15 May, 2002 between Mr. Cheok, Inni International, Topsearch Industries and Topsearch Industries (BVI) whereby in consideration of Mr. Cheok and Inni International consenting to the conversion of the 2,000,100 and 17,999,900 shares in the capital of Topsearch Industries held by them respectively into Non-voting deferred shares, Topsearch Industries (BVI) agreed to allot and issue 45,000 and 4,999 ordinary shares to Inni International and Mr. Cheok respectively;
- (c) an assignment dated 21 May, 2002 between Mr. Cheok Ho Pang as transferor and Topsearch HK as transferee in relation to the transfer of NT\$70,000 (7%) of Topsearch Taiwan to Topsearch HK at a consideration of HK\$1.00;
- (d) an assignment dated 21 May, 2002 between Ms. Pang Yung Or as transferor and Topsearch HK as transferee in relation to the transfer of NT\$10,000 (1%) of Topsearch Taiwan to Topsearch HK at a consideration of HK\$1.00;
- (e) an assignment dated 21 May, 2002 between Ms. Cheok Wai Han as transferor and Topsearch HK as transferee in relation to the transfer of NT\$10,000 (1%) of Topsearch Taiwan to Topsearch HK at a consideration of HK\$1.00;
- (f) an assignment dated 21 May, 2002 between Ms. Lee Shou King as transferor and Topsearch HK as transferee in relation to the transfer of NT\$10,000 (1%) of Topsearch Taiwan to Topsearch HK at a consideration of HK\$1.00;
- (g) instrument of transfer and bought and sold notes dated 28 May, 2002 whereby Topsearch Industries transferred 2,000 shares of HK\$1.00 each (being 20% of the issued share capital) in Tech Aggression Limited, a company incorporated in Hong Kong, to Inni International for a consideration of HK\$2,000.

- (h) an agreement dated 29 May, 2002 between Mr. Cheok and Inni International as vendors and the Company as purchaser for the acquisition by the Company of the entire issued share capital of Topsearch Industries (BVI) in consideration of the issue and allotment of 9,000,000 Shares to Inni International and paying up in full the 1,000,000 Shares issued nil paid to Mr. Cheok on 13 March, 2001;
- (i) a trademark licensing agreement between Topsearch HK and Topsearch Citilite dated 4 June, 2002 whereby Topsearch HK granted a trademark licence to Topsearch Citilite at a quarterly licence fee calculated at 2.5% of the gross turnover of Topsearch Citilite as from 4 June, 2002;
- (j) a trademark licensing agreement between Topsearch HK and Topsearch Thailand dated 4 June, 2002 whereby Topsearch HK granted a trademark licence to Topsearch Thailand at a quarterly licence fee of (i) US\$20.00 or (ii) 2.5% of the gross turnover of Topsearch Thailand as from 4 June, 2002, whichever is the higher;
- (k) a deed of non-competition dated 10 June, 2002 executed by Mr. Cheok and Inni International in favour of the Company;
- (l) a deed of indemnity dated 10 June, 2002 given by Mr. Cheok, Mrs. Cheok and Inni International in favour of the Group containing the indemnities in respect of, inter alia, estate duty, taxation and other matters referred to in paragraph 13 of this appendix; and
- (m) the Underwriting Agreement;

8. Intellectual Property Rights

(A) *Hong Kong*


As at the Latest Practicable Date, the Group had registered the following trademarks with Hong Kong Trade Mark Registry:—

Trademark	Registration No.	Class	Duration
1. Topsearch	B11419 of 1998	42 (<i>Note</i>)	Seven years from 21 November, 1997
2. 	B13253 of 1998	42 (<i>Note</i>)	Seven years from 21 November, 1997

Note: Class 42 includes wholesaling and distributorship services of circuit boards; electronic circuits and components; electrical and electronic apparatus, instruments, circuits and components, all for use with computers, telecommunications, data communications, audio and visual electronic goods and parts and fittings for the aforesaid goods.

(B) PRC

As at the Latest Practicable Date, the Group had registered the following trademarks in the PRC:—

Trademark	Registration No.	Class	Duration
1. 	1261417	9	7 April, 1999 to 6 April, 2009
2. 至卓飞高	1261418	9	7 April, 1999 to 6 April, 2009

(C) As at the Latest Practicable Date, the Group had applied for the registration of the following trademarks, the registration of which has not yet been granted:—

Trademark	Place of Application	Class	Application Date	Application No.
TOPSEARCH	Hong Kong	40	23 May 2002	200207467
TOPSEARCH	Thailand	35	30 May 2002	488702

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

9. Disclosure of interests

(a) *Interests of the Directors in the share capital of the Company after the New Issue and the Capitalisation Issue*

Immediately following completion of the New Issue and the Capitalisation Issue but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option and the Share Option Scheme, the interests of the Directors in the share capital of the Company and its associated corporations, 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 of, 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, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be

notified to the Company and the Stock Exchange once the Shares are listed are as follow:

The Company

Name of Directors	Personal interest	Family interest	Corporate interest	Percentage of shareholding
Mr. Cheok	48,000,000 Shares <i>(Note 1)</i>	432,000,000 Shares <i>(Note 1)</i>	432,000,000 <i>(Note 1)</i>	75%
Mr. Ng	—	—	—	—
Mr. Kwok	—	—	—	—
Mr. Wong	—	—	—	—

Note:—

- The 48,000,000 Shares will be held by Mr. Cheok directly and the 432,000,000 Shares will be held by Inni International, a company which is owned as to 49% by Mr. Cheok and as to 51% jointly by Mr. Cheok and Mrs. Cheok.

Inni International

Name of Director	Personal interests	Family interests	Corporate interests	Percentage of shareholding
Mr. Cheok	12,250 shares	12,750 shares <i>(Note)</i>	—	100%

Note:—

- The 12,750 shares in Inni International are jointly held by Mr. Cheok and Mrs. Cheok.

Topsearch Industries

Name of Director	Personal interests	Family interests	Corporate interests	Approximate percentage of shareholding
Mr. Cheok	2,000,100 shares <i>(Note 1)</i>	17,999,900 shares <i>(Note 2)</i>	17,999,900 shares <i>(Note 2)</i>	99.9%

Notes:—

- These shares are Non-voting deferred shares.
- These shares are Non-voting deferred shares and are held by Inni International, a company which is owned as to 49% by Mr. Cheok and as to 51% jointly by Mr. Cheok and Mrs. Cheok.

(b) *Particulars of Directors' service contracts*

Each of Mr. Cheok, Mr. Ng, Mr. Kwok and Mr. Wong has entered into a service contract with the Company for an initial term of three years commencing from 30 May, 2002. The service contracts of Mr. Ng, Mr. Kwok and Mr. Wong may be terminated by either party thereto giving to the other not less than three month's prior notice in writing and that of Mr. Cheok may be terminated by either party thereto giving to the other not less than six months' prior notice in writing.

The current basic annual salaries of the executive Directors are as follows:

	<i>HK\$</i>
Mr. Cheok	3,354,000
Mr. Ng	1,248,000
Mr. Kwok	906,100
Mr. Wong	1,040,000

Each of the executive Directors will also be entitled to all reasonable out-of-pocket expenses and medical expenses.

In addition, Mr. Cheok shall be paid, in respect of each financial year of the Company as performance bonus, an amount equivalent to a sum of up to 3% of the Profits for that financial year. Mr. Ng, Mr. Kwok and Mr. Wong shall be entitled to share in a profit sharing pool in respect of each financial year of the Company as performance bonus of a total amount equivalent to up to 2.5% of the Profits for that financial year. Any sum payable as performance bonus shall be paid within thirty days after the accounts of the Group for the relevant financial year have been audited. For the purpose of calculating the performance bonus, "Profits" shall in relation to each financial year mean the aggregate of the net profits of the Group before performance bonus, tax and extraordinary items based on the audited accounts of the Group for that financial year.

Save as disclosed above, none of the Directors has entered into any service agreements with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

(c) *Directors' remuneration*

During the year ended 31 December, 2001, the aggregate of the remuneration paid and benefits in kind granted to the Directors by the Group were about HK\$8,956,000.

Under the arrangements currently in force, the estimated amount of directors' fees and other emoluments payable to the Directors for the year ended 31 December, 2002 will be approximately HK\$8,848,000, excluding discretionary bonuses payable under the Directors' service contracts.

(d) *Directors' benefits*

During each of the Directors' employment, each Director will be entitled to the benefits under such medical and hospital insurance scheme and any employee benefit plan adopted from time to time by the Company or its subsidiaries for any of their respective employees as the Board may determine.

Disclaimers

Save as disclosed herein:

- none of the Directors or chief executive of the Company has any interest in the equity or debt securities of the Company or any of its associated corporations, 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 he will be taken or deemed to have under section 31 of, 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 in the Listing Rules once the Shares are listed;
- none of the Directors and experts referred to under the heading "Consents of experts" in this appendix has any direct or indirect interest in the promotion of the Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- none of the Directors and experts referred to under the heading "Consents of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;

- taking no account of any Shares which may be taken up under the New Issue or upon the exercise of any option which may be granted under the share option scheme, the Directors are not aware of any person, not being a Director or chief executive of the Company, who will, immediately following completion of the New Issue and the capitalisation issue, be interested in, directly or indirectly, Shares then in issue or shares carrying rights to vote in any members of the Group representing 10% or more of such shares in issue in such company; and
- none of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in the Group's five largest suppliers and five largest customers.

10. Agency fees or commissions received

The underwriting commission, documentation fee, the trading fee and transaction levy, brokerage, legal and other professional fees and other expenses relating to the New Issue are estimated to amount to approximately HK\$20.8 million in aggregate.

Save as disclosed above, none of the Directors, the promoters of the Company or the experts named in the subsection headed "Consents of experts" in this Appendix had received any agency fee or commission from the Group within the two years immediately preceding the date of this prospectus.

11. Related party transactions

Save as disclosed in note (h) to the section headed "Combined Results" in the accountants' report set out in Appendix I to this prospectus and the paragraph headed "Connected Transactions" in the section headed "Business", the Group has not engaged in any dealings with the Directors and their associates during the two years immediately preceding the date of this prospectus.

12. Share Option Scheme

Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by a written resolution passed by all shareholders of the Company on 30 May, 2002:

(a) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives for their contribution to the Group.

(b) Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:—

- (i) any employee (whether full-time or part-time) of the Company, any of its subsidiaries or any entity (“Invested Entity”) in which the Group holds an equity interest, including, including any executive Director, any of such subsidiaries or any Invested Entity;
- (ii) any non-executive Directors (including independent non-executive Directors), any of its subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of the Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity,

and for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The basis of eligibility of any of the above class of participants to the grant of any options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.

(c) Maximum number of Shares

- (i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time.

- (ii) The total number of Shares which may be issued upon exercise of all outstanding options (excluding, for this purpose, options which have lapsed in accordance with the terms of the share option scheme and any other share option scheme of the Company) to be granted under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 64,000,000 Shares, being 10% of the Shares in issue upon completion of the New Issue and the Capitalisation Issue assuming there is no exercise of the Over-allotment Option (the “General Mandate Limit”).
 - (iii) Subject to (i) above and without prejudice to (iii) below, the Company may seek approval of its shareholders in general meeting to refresh the General Mandate Limit. However, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme under the limit as “refreshed” must not exceed 10% of the shares in issue as at the date of approval of the limit. Options previously granted under the Share Option Scheme or any other share option scheme of the Company (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or other share option scheme or exercised options) will not be counted for the purpose of calculating the limited as “refreshed”. The Company will send a circular to its shareholders containing the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.
 - (iv) Subject to (i) above and without prejudice to (iii) above, the Company may seek separate approval by its shareholders in general meeting for granting options beyond the General Mandate Limit provided the options in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought. The Company will send a circular to the shareholders containing a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (d) Maximum entitlement of each participant and connected persons**
- (i) Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue.
 - (ii) Where any further grant of options to a participant would result in the Shares issued and to be issued to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of

such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting. The Company will send a circular to the shareholders and the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options previously granted to such participant), the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before shareholders' approval and the date of the board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

- (iii) Notwithstanding the aforesaid, such grant of options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the Company's independent non-executive Directors (excluding any independent non-executive Director who is the grantee).
- (iv) If any grant to a Substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Share Option Scheme to such person in the 12-month period up to and including the date of such grant:
 - (a) representing in aggregate over 0.1% of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of a grant is made, in excess of HK\$5 million,

such further grant of options must be approved by shareholders of the Company. The Company must send a circular to the shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such option must be taken on a poll.

(e) **Minimum period of holding an option and performance target**

The Directors will have the absolute discretion to fix the minimum period for which an option must be held before it can be exercised, and the performance targets that must be achieved before the options can be exercised upon the grant of an option to a participant.

(f) Subscription price for Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (i) the nominal value of the Shares, (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the date of grant of the option on which there were dealings in the Shares on the Stock Exchange (or during any period when the Company has been listed for less than five trading days, the Offer Price shall be taken as the closing price for any such day falling within the period before listing) and (iii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a trading day). A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

(g) Rights are personal to grantee

An option may not be transferred or assigned and is personal to the grantee.

(h) Time of exercise of option

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.

An option may be exercised in accordance in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day upon which the offer for the grant of the option is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

(i) Rights on ceasing employment or death

If the grantee of an option leaves the service of the Group for any reason other than death, serious misconduct or certain other grounds, the grantee may exercise the option up to the grantee's entitlement at the date of cessation (to the extent not already exercised) within the period of three months following the date of such cessation, which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not.

If the grantee of an option ceases to be an employee of the Group by reason of death, ill-health or retirement in accordance with his contract of employment, before exercise of option in full, his or her lawful personal representative(s) may exercise the option in whole or in part (to the extent not already exercised) within a period of twelve months thereafter, failing which it will lapse.

(j) Rights on dismissal

If the grantee of an option leaves the service of the Group by the reason of serious misconduct or on certain other grounds, his or her option will thereupon lapse forthwith and will not in any event be exercisable on or after the date of cessation to be an employee.

(k) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees (or his personal representative(s)) on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional or arrangement is formally proposed to shareholders of the Company, a grantee (or his personal representative(s)) shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in accordance with the provisions of the share option scheme at any time before the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be.

(l) Rights on winding-up

In the event of an effective resolution being passed for the voluntary winding up of the Company during the option period, the grantee of an option (or his or her legal personal representative(s)) may by notice in writing to the Company elect to exercise the option within two business days prior to the proposed general meeting of the Company considering such winding up, such notice to be accompanied by the subscription price for the Shares in respect of which the notice is given, whereupon the grantee will be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date of commencement of the winding up of the Company;

(m) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Bye-laws for the time being in force and will rank pari passu with the other fully-paid Shares in issue on the date of exercise of the option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of exercise of the option other than any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise of the option.

(n) Period of the Share Option Scheme

Unless terminated by the Company by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme becomes unconditional

(o) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that any material alteration to its terms and conditions, any change to the terms of options granted (except for changes which automatically take effect under the existing terms of the Share Option Scheme) and the matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of the grantees or the prospective grantees without the prior sanction of any ordinary resolution of the Company in general meeting. The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements under Chapter 17 of the Listing Rules. Any change to the authority of the directors or scheme administrators (if applicable) in relation to any alteration to the terms of the Share Option Scheme must be approved by the shareholders of the Company in general meeting.

(p) Effect of alterations to capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company or otherwise, such corresponding alternations (if any) certified by the auditors for the time being or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares the subject matter of the share option scheme or the option so far as unexercised and/or the option price and/or the method of exercise of the option and/or the maximum number of shares referred to in the paragraph headed "Maximum number of Shares" provided that (i) any such adjustment shall be made on

the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; (ii) no such adjustment shall be made the effect of which would be enable a Share to be issued at less than its nominal value; (iii) no such adjustment shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment; and (iv) the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(q) Cancellation of options

The Board may affect the cancellation of any options granted but not exercised on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for cancellation. Where the Company cancels any options granted and offers to grant or grants new options to the same grantee, the offer or grant of such new options may only be made under the Share Option Scheme if there is available unissued options (excluding the cancelled options) within each of the limits as referred of in paragraph (c) above.

(r) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of such options; and (ii) upon the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement.

(s) Termination of the Share Option Scheme

The Company may by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

Present status of the Share Option Scheme

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme.

OTHER INFORMATION**13. Indemnities****Estate duty, tax and other indemnities**

Mr. Cheok, Mrs. Cheok and Inni International (the “Indemnifiers”) entered into a deed of indemnity with and in favour of the Group (being a material contract referred to in paragraph (l) of this appendix) to provide indemnities in respect of, among other matters, any liability for the Hong Kong estate duty which might be incurred by any member of the Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance) to any member of the Group on or before the date on which the New Issue becomes unconditional. The Directors have been advised that there are no taxes on estate duty in Bermuda.

Under this deed of indemnity, the Indemnifiers have also given indemnities to the Group in relation to:—

- (a) taxation (including all fines, penalties, costs, charges, expenses and interest related to taxation) which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the New Issue becomes unconditional; and
- (b) loss and damages which may be suffered by the Group as a result of being prohibited from using or occupying its current premises for the existing use or being evicted from these premises before the expiration of the current term of the tenancy/lease/licence whether by the landlord or any third party whatsoever (including without limitation any government authorities or other competent authorities) on the grounds that the relevant tenancy/lease/licence is invalid or unenforceable or has been breached or the existing use of the premises is not in compliance with the government grant occupation permit, deed of mutual covenant or title deeds relating to such premises or any law or regulation affecting the use of the premises or the relevant tenancy agreement/lease/licence is invalid or unenforceable as a result of such non-compliance.

The deed of indemnity does not cover the following circumstances:—

- (i) to the extent that provision has been made for such taxation in the audited accounts of the Group as at 31 December, 2001; or
- (ii) any taxation claim relating to Hong Kong profits tax falling on any member of the Group after the date on which the New Issue becomes unconditional unless liability for such Hong Kong profits tax would not have arisen but for some act or omission of, or transaction entered into by, any Indemnifier or any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the course of normal day to day operations on or before the date on which the New Issue becomes unconditional; or
- (iii) to the extent that such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law by any other relevant authority coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
- (iv) any penalty imposed on any member of the Group under section 42 of the Estate Duty Ordinance by reason of any member of the Group defaulting, at any time after the date of the deed of indemnity, in any obligation to give information to the inland revenue authority under section 42(1) of the Estate Duty Ordinance, but the Indemnifiers are liable for any interest on unpaid estate duty.

14. Litigation

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

15. Sponsor

DBS Asia has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all the Shares in issue, the Shares to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme.

16. Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately HK\$128,000 and are payable by the Company.

17. Promoter

The promoter of the Company is Mr. Cheok. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits has been paid, allotted or given or proposed to be paid, allotted or given to the promoter in connection with the New Issue or the related transactions described in this prospectus.

18. Experts**Qualification of experts**

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

Expert	Qualification
DBS Asia	Investment adviser and registered dealer
Ernst & Young	Certified Public Accountants
King & Wood	Qualified PRC lawyers
DTZ Debenham Tie Leung Limited	Property valuer
Appleby Spurling & Kempe	Bermuda barristers and attorneys

Consents of experts

Each of DBS Asia, Ernst & Young, King & Wood, DTZ Debenham Tie Leung Limited and Appleby Spurling & Kempe has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion (as the case may be) and the references to its name included herein in the form and context in which they are respectively included.

19. Binding effect

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

20. Adoption of Chinese name for the Company

The Directors have been advised that, under Bermuda law, a company may have only one name in the English language and that a Chinese translation of such name as that adopted by the Company is not registrable in Bermuda as the official and registered name of the Company as Chinese characters are not part of the official language of Bermuda. However, the use of a Chinese name by the Company for purposes of identification only (for example, on the market floor and on the computer screen at the Stock Exchange) does not contravene the provisions of Bermuda law.

21. Taxation of holders of Shares

(a) *Hong Kong*

Dealings in the Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate of which is HK\$2 for every HK\$1,000 (or part thereof) of the consideration or, if higher, the fair value of the Shares being sold or transferred.

The Shares are Hong Kong property for the purposes of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) and, accordingly, Hong Kong estate duty may be payable in respect thereof on the death of an owner of the Shares.

(b) *Bermuda*

Under present Bermuda law, transfers and other dispositions of Shares are not subject to Bermuda stamp duty.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in the Shares. It is emphasized that none of the Company, the Directors or the other parties involved in the New Issue will accept responsibility for any tax effect on, or liabilities of, holders of the Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares.

22. Registration procedures

Subject to the provisions of the Companies Act, the principal register of members of the Company will be maintained in Bermuda by Reid Management Limited and a branch register of members of the Company will be maintained in Hong Kong by Tengis Limited.

23. Miscellaneous

- (a) Save as disclosed in this prospectus:
- (i) within the two years immediately preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) within the two years immediately preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued;
 - (iv) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except any commission to sub-underwriters) for subscriptions, agreeing to subscribe, procuring subscriptions or agreeing to procure subscriptions of any Shares; and
 - (v) none of DBS Asia, Ernst & Young, King & Wood, DTZ Debenham Tie Leung Limited and Appleby Spurling & Kempe:
 - is interested beneficially or non-beneficially in any shares in any member of the Group; or
 - has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.
- (b) No company within the Group is presently listed on any stock exchange or traded on any trading system.
- (c) There has not been any interruption in the business of the Group which may have or have had a significant effect on the financial position of the Group in the 12 months immediately preceding the date of this prospectus.