

檔案編號 : ARC/300/16

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立法會大樓
立法會政府帳目委員會秘書
韓律科女士

韓女士：

審計署署長第四十二號報告書
衡工量值式審計結果

第 2 章：對應用研究基金投資項目的撥款

五月四日的來信收悉。現謹覆實來信提及的四名官員，將會出席五月十日(上午九時至十時半)舉行的公開聆訊。

我們亦隨本函付上索閱的資料，以供省覽：

- (a) 現付上與基金管理公司簽定的管理協議副本一份。我們已遮蓋個別公司名稱或個別人士姓名。我們亦已在有關費用等商業敏感的資料劃上記號，謹請小心處理有關資料。

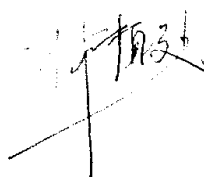
應用研究局委託私人律師行為其提供法律服務，在草擬有關管理協議時，該局亦曾諮詢律師行的法律意見。

- (b) 管理協議內沒有訂定條文，容許基金管理公司在出售獲投資公司的股份時收取買家佣金。
- (c) 有關投資項目當時透過傳閱文件的方式供應用研究局考慮和批准，因此並無會議記錄。

- (d) 隨函亦夾附基金管理公司向應用研究局提交的資料，建議對公司 A 及公司 B 注資和進行跟進投資。由於涉及商業敏感資料，我們已把投資建議書內個別公司名稱及個別人士姓名等資料遮蓋。

創新科技署署長

(林植廷



代行)

副本分送：工商及科技局局長)

審計署署長)一連附件

財經事務及庫務局局長)

(經辦人：王明輝先生)

二零零四年五月七日

*** 委員會秘書附註：**除管理協議內的共同投資條文及個案 A 的初步投資建議書外，管理協議及上述(d)項所提及的資料並無在此隨附。

1998 年 11 月 4 日簽訂的
3 份管理協議中
有關共同投資條文的摘錄

7. Conflict of Interest

7.1 The Council acknowledges and agrees that the Manager and any member of the Group may act as investment manager or adviser to other persons in relation to other investment business or transactions. In particular, the Manager and any member of the Group may :-

X X X X X

(c) co-invest in any of the Investments whether on its own account or on account of its other clients provided that such co-investment shall be made upon commercial terms which are comparable to those applicable to the Investments.

X X X X X

7.3 The Manager shall not do any of the following without the prior written consent and approval of the Council which shall not be unreasonably withheld :-

X X X X X

(b) invest the Fund in any investments already invested by any other funds managed by the Manager, or

X X X X X

*1998 年 11 月訂立的 3 份管理協議中有關共同投資的條文均完全相同。

2000年3月27日簽訂的
管理協議中
有關共同投資條文的摘錄

7. Conflict of Interest

7.1 The Council acknowledges and agrees that the Manager and any member of the Group may act as investment manager or adviser to other persons in relation to other investment business or transactions. In particular, the Manager and any member of the Group may :-

X X X X X

(c) co-invest in any of the Investments whether on its own account or on account of its other clients provided that such co-investment shall be made upon commercial terms which are comparable to those applicable to the Investments.

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X X X X X

(b) invest the Fund in any investments already invested by any other funds managed by the Manager, or

X X X X X

Schedule 1

Objective, Guidelines and Restrictions

X **X** **X** **X** **X**

2. Investment Guidelines and Restrictions

X **X** **X** **X** **X**

- (g) The aggregate total amount of all the Investments (including follow-on investments) on the last day of the sixth (6th) Year of the term of this Agreement must be less than or equal to fifty per cent. (50%) of the aggregate total amount of all other investments in the same relevant Investee Companies made by the Manager on the same day, whether on its own account or on behalf of any other person.

2003年9月27日簽訂的
管理協議第三份補充協議中
有關共同投資條文的摘錄

3. AMENDMENTS TO MANAGEMENT AGREEMENT

3.1 As of and with effect from the Effective Date, the Management Agreement shall be amended as follows:-

X X X X X

(g) Paragraph 2(i) of Schedule 1 of the Management Agreement shall be deleted in its entirety and replaced with the following :

“(i) Subject to paragraph 2(j) of this Schedule, in respect of at least two thirds (2/3) of the amount of the Investments made from the First Tranche and the Second Tranche respectively, the aggregate total amount of such Investments (including follow-on investments) made on or after 28th September 2003 in respect of :

(i) each separate Investee Company; and

(ii) all Investee Companies in aggregate

at all times during the term of this Agreement must be less than or equal to one hundred per cent (100%) of the aggregate total amount of all other investments in the same Investee Company (in the case of sub-paragraph (i)) or Investee Companies (in the case of sub-paragraph (ii)) made by the Manager or any other person at the same time and on the same terms.” and

X X X X X

Case A :

Initial Investment Proposal

Vetting Report for Applied Research Fund

1. Company Information

Certificate No: BR21770989-000-06-99-1
Date of Incorporation: JUNE 25, 1998
Name of Business: [REDACTED] (" [REDACTED] ")
Registered office address: [REDACTED]
Business Address: [REDACTED]
Nature of Business: Online toy and pop-culture retail community
Status: Corporation
Estimated investment from ARC: HK\$16 Million

2. Shareholders & Directors

The following are the shareholders of [REDACTED] Limited:

[REDACTED]	20%
[REDACTED]	16%
[REDACTED]	15%
[REDACTED]	24.5%
[REDACTED]	24.5%

The directors of [REDACTED] are: [REDACTED]

3. Business Activities

[REDACTED] is currently the largest site retailing brand-name American and Japanese toys, action figures, collectors items, movies, anime and delivering related content through its proprietary [REDACTED] and affiliate sites.

[REDACTED] has recently expanded its reach into the greater niche of toy related products with the introduction of more mass market items such as videos, computer/video games,

[REDACTED]

comics, manga, sci-fi/fantasy books, game cheats and anime, as well as unique Hong Kong and Japanese movies and print.

[REDACTED] takes advantage of the fact that Hong Kong is the toy capital and hub of the world, and builds a state of the art e-commerce site around it. In fact, [REDACTED] is now the largest site of its kind in the world. Exports from Hong Kong and Japan (toys, computer/video games, movies, comics, actors) are some of the hottest properties in the US and Europe. The three top cartoons on TNT's Cartoon Network are Japanese exports (Pokemon, Dragonball, Sailormoon).

The Company is also an Internet leader in toy sales and content about Star Wars and its related topics. [REDACTED] is poised to take full advantage of the impact of the new Star Wars films premiering in May 1999 and running through to 2005, and the massive merchandising wave that will follow.

[REDACTED] has secured a unique niche in bringing these products to the market. Carrying the largest selection of toys, hosting some of the most popular related sites and producing the most unique and original content have garnered [REDACTED] a reputation as the first stop on the Net for this group.

Taking advantage of new strategic relationships with suppliers, [REDACTED] will increase its inventory count to over 8,000 items by July 1999 and to over 12,000 items by October 1. These relationships allow [REDACTED] to maintain much of its stock in virtual inventory, purchasing from suppliers only after an order has been confirmed, thereby stretching its purchasing power to its furthest extent.

With the addition of new auction sites, trading areas, chat rooms, clubs and the expanding affiliate network, [REDACTED] will create a large advertising platform to market to a wide range of advertisers targeting our community demographic.

To exploit the depth of products and content on site, [REDACTED] will work with six of the largest portals and communities on the Internet. These relationships will form the backbone of [REDACTED]'s sales, community and affiliations.

Since [REDACTED] is a pure e-commerce company, it does not suffer from the limitation in setting up physical retail shops. [REDACTED] takes advantages of the wide penetration of the Internet and with [REDACTED] [REDACTED] has effectively setup a global retail store that can be access by anyone in the world with an Internet connection.

Without the physical limitation, [REDACTED] is able to expand aggressively through business alliances. Working with the major community sites, (ie Lycos, Geocities, Xoom.com, FortuneCity.com) [REDACTED] will strive to develop the fastest growing and largest affiliate network on the Internet. Over 2.25 million new members per month will have the opportunity to affiliate with [REDACTED] to provide links, share content and even build their own virtual store from [REDACTED] merchandise.

[REDACTED]

The Company is also signing on with a number of networks (ie AOL, Lycos, Xoom.com) to provide original content and exclusive merchandise to their respective members.

Not only will [REDACTED] receive widespread marketing coverage, but actual sales and product endorsement from some of the most reputable groups online today.

4. Application of Technology

[REDACTED] is developing, integrating, and applying state of the art technologies in the fields of software integration, broadband-delivery entertainment, 3-D user interfaces, and customizable content interfaces to create a unique shopping, supply chain management and entertainment platform.

The Company is developing a showcase site inconjunction with Intershop, the leading e-commerce middle-ware provider. [REDACTED] will intergrate its shopping platform with all aspects of its operation.

[REDACTED] start by using Intershop Enterprise Edition 3.0, the leading electronic commerce middle-ware. Intershop's powerful eCommerce development platform has the core infrastructure and extensibility to meet the needs of our enterprise market. With its Template Language Extension (TLE) capability, extreme degree of customization and development is easily achievable which enable us to provide our customers the best shopping experience.

A high performance website requires a potent database, Sybase Adaptive Server Enterprise Edition XI was chosen as the back-end database engine. Being the only ISO9001 DBMS certified database in the market, high performance and availability is guaranteed. Sybase Adaptive Server also provides high performance for transactions processing and the capability to adapt to the unpredictable requirements of the Internet. It integrates seamlessly with Intershop for a total robust eCommerce backbone.

Other advanced technologies are used to streamline and expedite the order fulfillment process. Real-time, SET encrypted credit card data transaction is used for customers' protection against unauthorized access. A multi-carrier, enterprise-wide shipping system from Neopost called PS600 is integrated to Intershop to provide fast and accurate shipping to the customers. The PS600 is integrated together with our warehouse management & logistics systems for better resource planning.

To offer our affiliates the easiest to use interface and the fastest time-to-market, BeFree Version 3.0 was selected as our affiliates management program. BFAST (BeFree Affiliate Serving Technology) offers our merchants a full array of decision-support tools to maximize their online revenues and BFIT (BeFree Intelligent Targeting) allows our merchants to centrally place their advertisements according to their targeted audiences. It is a complete advertising solution that incorporate the placement, tracking, automated campaign fulfillment, reporting, and invoicing tailored for their needs. BeFree also features Virtual Shelf Space for sales of advertising for extra revenue generation.

[REDACTED]

Opensite Auction 4.0 Merchant Edition was chosen as our auction engine. Auto Bidding and Bidding Watch are just some of the advanced features of Opensite. Other features include automatic encryption, digital certificate compatibility, etc. It's easy to use interface makes our auction site fun and effective for our customers. And with its taut integration with the Intershop storefront, customization is never a problem.

[REDACTED] also used EShare Expressions 4.0 to form our online users community. As being the pre-eminent expert in human interaction on the Internet, not only it is able to provide conventional text based online chatting, but full multimedia support is also included in Expressions 4.0. Streaming or prerecorded video, audio, and live conversations are all possibilities of Expressions 4.0. These allow us to create a full featured, unparalleled, and effective community web sites.

WebTrends Professional Suite is used to constantly monitor our website. Its features includes: Log Analysis which provide detailed web site analysis and traffic reporting; Proxy Server analysis which keeps track of the usage trends and better understand the servers' efficiency; Link Analysis and Quality Control which is to improve the quality, performance, and integrity of our web site; and the most important Site Monitoring, Alerting and Recovery feature to minimize our site's downtime as much as possible.

One of the most exciting aspects of the [REDACTED] site is its strategic alliance with [REDACTED]. Together with Muse, [REDACTED] will create the first totally integrated 3-D, multi-person, e-commerce shopping experiences.

In order to integrate so many different external technologies, [REDACTED] has hired a team of over fifteen highly skilled developers. [REDACTED] development team has been able to tightly integrate different technologies into one easy to use product. By Q4 1999, [REDACTED] will have one of the most sophisticated sites on the Internet. A fully integrated retail, entertainment and supply chain system.

5. Hong Kong Operation

[REDACTED] now has more than twenty people in development, integration and buying of advertising content.

6. Key Personnel

PRESIDENT/CEO

[REDACTED], 33, holds a BA and MA in clinical psychology from [REDACTED]. He has an extensive background in developing start-up ventures. Mr. [REDACTED] has founded/co-founded a number of companies including [REDACTED] (an early leader in micro-breweries, IPO on NASDAQ in 1996), [REDACTED] (an Internet based research and analytic product for the real estate market), [REDACTED] (a Hong Kong based marketing and advertising company) as well as developing and arranging funding for many others such as [REDACTED] (develops and markets

[REDACTED]
[REDACTED]
high-tech computer peripherals including rapid prototyping systems) and [REDACTED] which produces international standard food products for the global market in China and Hong Kong. His background in start-up companies and venture capital are valuable assets to the Company.

DIRECTOR OF BUSINESS DEVELOPMENT

[REDACTED] 31, received his BA in International Relations from [REDACTED] University. He has gained valuable experience working in various industries such as freight forwarding, print/premium production, and media. Mr. [REDACTED]'s previous two positions were Accounts Director for [REDACTED] a digital design studio and Business Development Manager for [REDACTED]. Mr. [REDACTED] is one of the co-founders of [REDACTED] and is responsible for business development and also chairs the product committee.

WEB DIRECTOR

[REDACTED] 26, has been working in the multimedia and Internet industry for the past 5 years. Originally from Vancouver, Canada, Mr. [REDACTED] moved to Hong Kong after finishing design school. Since then, he has been an integral part of production of interactive CD-ROM and corporate web-sites for highly visible clients such as [REDACTED], [REDACTED], [REDACTED], and [REDACTED]. Mr. [REDACTED], the other co-founder, is responsible for the creation, development, and marketing of the web-site.

Editor-in-Chief

[REDACTED] 28, has worked in the collecting field for nearly ten years, having written and edited for [REDACTED], [REDACTED], and the [REDACTED] recognized as the foundation publication for all comic book related collecting. [REDACTED] holds an M.S. in Professional Journalism from [REDACTED] University and an M.F.A. in Creative Writing and Marketing from [REDACTED] University. He is an Associate Professor in the English department at [REDACTED] in New York. His work as an editor with [REDACTED] earned him a place in the collecting community as an authority on toys and comic pricing and collecting. He also served as founding editor of [REDACTED], the well-received national news-stand publication that first incorporated collecting and entertainment news into one package. Recognizing the potential of the internet in relation to collecting, [REDACTED] began working for the on-line branch of the [REDACTED] Company and their collecting division, notably in relation to their auctionuniverse.com holding, where he served as contributing editor.

IT Manager

[REDACTED] 35, received his BS in Electronic Engineering/Computer Science from [REDACTED] London. His first management position was as Senior Programmer/Hardware Specialist for [REDACTED] in London prior to his emigrating to Hong Kong where he took the position of Senior Specialist with [REDACTED] overseeing

[REDACTED]
[REDACTED]
[REDACTED]
financial services IT. [REDACTED]'s most recent position was Senior Manager IT for [REDACTED] in Hong Kong. [REDACTED] specialises in developing large scale networks and software integration. He will be overseeing all development of the [REDACTED] site. [REDACTED] has been with [REDACTED] for 3 months.

7. Startup Status

Began Development in June '98, operational in September '98.

8. Conflict of Interest Declaration

[REDACTED] and [REDACTED] two funds managed by [REDACTED] have invested a total of US\$1,250,000 into [REDACTED] during different times in 1998. Mr. [REDACTED], Executive Director of [REDACTED], serves on the Board of Directors of [REDACTED] on behalf of the two funds. Mr. [REDACTED] has no direct personal interest in [REDACTED].

It is anticipated that a Conflict of Interest will occur as [REDACTED] seeks to invest the Applied Research Fund into [REDACTED], as agreed in Clause 7.3(b) of the Management Agreement between [REDACTED] and the Applied Research Council.

[REDACTED] hereby wishes to resolve this Conflict of Interest by co-investing into [REDACTED] under the terms and conditions set by the third party lead investors group consisting of [REDACTED] and [REDACTED]. [REDACTED] will not participate in the negotiations of the terms and conditions by [REDACTED] and [REDACTED] but will co-invest together with these parties under the terms and conditions set by the two parties.

[REDACTED] is investing in [REDACTED] with the intent of hosting the company as a showcase in the future [REDACTED] project.