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GOLDIGIT ATOM-TECH HOLDINGS LIMITED

(金澤超分子科技控股有限公司) *

(Incorporated in the Cayman Islands with limited liability)

Fujian Province State Tax Bureau has approved the Group to defer its entitlement of privileged tax policy rendered to WFOEs in the PRC. Accordingly, the expiry of the profit tax holiday and the 50% tax concession period of 31st December, 2001 and 31st December, 2004 as stated in the Prospectus will be deferred to 31st December, 2002 to 31st December, 2005 respectively. As approved by the Tax Bureau, the Company has to pay a profit tax of RMB1,085,906 in respect of the year ended 31st December, 2000. The tax payable of RMB1,085,906 would be accounted for as tax charges in relation to under-provision in prior year in the audited financial statements for the year ending 31st December, 2001. The Directors consider such deferral arrangements are in the best interest of the Company and its shareholders. **The Stock Exchange of Hong Kong Limited considers that the Company should have disclosed the Application in the Prospectus and reserves the right to take such action against the Company and its Directors as it may consider appropriate.**

The directors (“Directors”) of Goldigit Atom-tech Holdings Limited (“Company”, together with its subsidiaries, collectively, the “Group”) are pleased to announce that the State Tax Bureau of Fujian Province has approved a new income tax arrangement for the Group in respect of the tax holiday commencement date. Details of such arrangement are set out as follows:

In October 2000, Foreign Trade and Economic Cooperation Committee of Fujian Province approved the establishment of Fujian Goldigit Fine Chemical Industry Co., Ltd. (“Fujian Goldigit”), a wholly owned subsidiary of the Company, as a wholly foreign-owned enterprise (“WFOE”) in the People’s Republic of China (“PRC”) and thereby Fujian Goldigit was approved by the State Tax Bureau of Fujian Province (“Tax Bureau”) in January 2001 to enjoy a privileged tax policy comprising a holiday on income tax for the first two years and a 50% income tax concession for the subsequent three years. It is stated in Paragraph 77 in Chapter 6 of 《中華人民共和國外商投資企業和外國企業所得稅法》 that, a WFOE can opt to defer the commencement of the entitlement of the above-mentioned privileged tax policy to the succeeding year if the first year consists of less than six month of operation. The Group has applied to defer the commencement of the entitlement to the privileged tax policy to 1st January, 2001 (“Deferral”). The Company submitted a written application in respect of the Deferral (“Application”) to the Tax Bureau on 24th May, 2001. Such information was not disclosed in the prospectus of the Company dated 29th June, 2001 (“Prospectus”) as the Company was verbally notified by the Tax Bureau that the application was very likely to be rejected in mid-June; and the Company considered that the possibility of obtaining such approval was remote based on its past experience and its understanding of the Tax Bureau’s operation. Regardless of the remoteness of the approval’s possibility, as the Company considers that the success of the Application would benefit the Company as a whole, the Company further pursued the application in mid-July through dialogues and informal meetings with the Tax Bureau, and the Tax Bureau approved the Company’s application on 1st August, 2001. **Notwithstanding the above, The**

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According to the approval of the Tax Bureau, it has been agreed with the Tax Bureau that as a result of the Deferral, the Group is required to pay an income tax of RMB1,085,906 (“Tax”), calculated at a rate of 27% on the audited profit before taxation of Fujian Goldigit in the period from the date on which Fujian Goldigit was approved as a WFOE to 31st December, 2000. The Prospectus of the Company, in accordance with a PRC legal opinion, states that Fujian Goldigit is subject to the PRC income tax of 30%. However, owing to the negotiations with the Tax Bureau after the date of the Prospectus, it has been ascertained that Fujian Goldigit could enjoy a privileged tax of a 24% of state profit tax granted to enterprises in provincial capitals and a 3% of local profit tax. The Tax represents (i) approximately 32.3% of the profit before taxation of the Group in respect of the year ended 31st December, 2000; (ii) approximately 2.8% of the profit before taxation of the Group in respect of the six months ended 30th June, 2001; and (iii) approximately 1.7% of the minimum of the forecast profit after taxation but before extraordinary items for the year ending 31st December, 2001 as stated in the Prospectus. Reference is made to the tax indemnity (the “Indemnity”) dated 22nd June, 2001 given, jointly and severally, by Best Today Investments Limited, the controlling shareholder of the Company and is 100% owned by Mr. Lao Seng Peng, the Chairman of the Company, the executive Directors, Mr. Li Lai Ming, Ms. Ho Ping, Tanya and Mr. Tsang Man Chan (together, the “Indemnifiers”) in favour of the Group in relation 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 9th July. However, according to the limitations under Clauses 5(ii) and 5(iv) of the Indemnity, the Indemnifiers have no liability to indemnify the Tax as (i) such liability has arisen as a result of the Application made by Fujian Goldigit voluntarily without the consents of all the Indemnifiers since Mr. Li Lai Ming, Ms. Ho Ping, Tanya and Mr. Tsang Man Chan who had not given consents are not management of the Group. (However, the Directors have properly and carefully considered the pros and cons of the Application in good faith, and concluded that the application and its consequences would be beneficial to Fujian Goldigit and the Group as a whole even without the consents of all Indemnifiers); and (ii) it is a consequence of a retrospective change in the taxation practice determined by the relevant tax authority.

As advised by the Company’s legal adviser and auditors, the Tax would be accounted for as tax charges in relation to under-provision in prior year in the audited financial statements for the year ending 31st December, 2001.

The Directors are of the view that such arrangement would not give rise to any material adverse impact on the financial position of the Group.

The Directors consider that the Deferral is in the best interest of the Company and its shareholders. It shall benefit the Company’s earnings attributable to its shareholders in future as it is expected that the profit for future shall exceed that for the year ended 31st December, 2000 and the Group will therefore enjoy more favourable tax holiday and concession under the Deferral.

By order of the Board
Goldigit Atom-tech Holdings Limited
LAO Seng Peng
Chairman

Hong Kong, 7th August, 2001

This announcement will appear on the GEM website at www.hkgem.com for 7 days from the date of its posting.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *for identification only*