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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)*

### **ANNUAL RESULTS ANNOUNCEMENT for the year ended 31st December, 2001**

**Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”).**

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at “www.hkgem.com” in order to obtain up-to-date information on GEM-listed issuers.**

#### **CHAIRMAN’S STATEMENT**

During the year 2001, the Company achieved a remarkable growth in turnover and profit attributable to shareholders.

The Group recorded a turnover of HK\$111 million, representing a growth of 16 times as compared to 2000.

Profit attributable to shareholders increased by 19 times to HK\$62 million. Earnings per share was HK\$4.05 cents, as compared with HK\$0.23 cents for the corresponding period of last year. Shareholders’ fund amounted to HK\$192 million, up by 61 times.

## **Dividend**

The Board has proposed a final dividend of HK\$1.2 cent per share for the year ended 31st December, 2001. The final dividend, if approved by the members at the forthcoming Annual General Meeting to be held on 29th April, 2002, will be payable on 7th May, 2002 to members whose names are on the register of members of the Company on 29th April, 2002. The register of members of the Company will be closed from Tuesday, 23rd April, 2002 to Monday, 29th April, 2002 both days inclusive, during which period no transfer of shares may be registered.

## **Chemical pesticides**

The Group's core business is the sales and marketing of chemical pesticides applying Propulsive Agent Technology ("PAT"). During the year 2001, the Group has achieved a remarkable increase in both sales and profits, mainly due to the remarkable performance of the products utilising PAT. The Board anticipates continuing growth from chemical pesticides as PAT pesticides will continue to replace traditional pesticides due to increasing environmental and ecological concerns. The Group will continue to utilise its research and development ability to develop new products for customers.

Owing to the cost-effectiveness of PAT products, the Board is confident that growth of sales for the Group's chemical pesticides will sustain during the year 2002.

While the room for development in the PRC for the Group's product is affluent, the Group will seek to expand its sales network in accordance with its prescribed strategy. The Group will also increase advertising and promotional activities to further enhance the brand awareness and corporate image of the Company.

## **Increase in net profit**

Gross profit margin for the Group increased to 67% as compared to 57% for the previous year due to benefits from the economies of scale as a result of the significant increase in turnover.

As the Group will launch new products as well as establishing new research center and production base to maintain its efficiency, the Board believes that the positive impact on profit margin will be reflected in the coming financial years.

## **Enhancing customer relations**

The launch of the Company's website features prominently in enhancing relations with customers. The Group intends to commit more resources to strengthen coordination amongst different sectors in the pesticide industry and the other industry.

## SUMMARY

The Group achieved a turnover of approximately HK\$111 million for the year ended 31st December, 2001, representing an approximately 16 times increase as compared to the previous financial year.

The audited consolidated net profit for the year was approximately HK\$62 million, representing an approximately 19 times increase as compared to the previous financial year. The profit attributable to shareholders had met the profit forecast of not less than HK\$60 million as set out in the Prospectus of the Company dated 29th June, 2001.

Basic earnings per share increased by approximately 17 times to approximately HK\$4.05 cent per share for the financial year ended 31st December, 2001 as compared to the previous financial year.

The Board recommends the payment of a final dividend of HK\$1.2 cents per share for the year ended 31st December, 2001.

## RESULTS

The board of directors (the “Board”) of Goldigit Atom-tech Holdings Limited (the “Company”) is pleased to announce that the audited final results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December, 2001, together with the comparative audited figures for the corresponding year ended 31st December, 2000, are set out below:

		<b>For the year ended 31st December,</b>	
		<b>2001</b>	<b>2000</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	<b>111,023</b>	6,422
Cost of sales		<b>(36,417)</b>	(2,755)
Gross profit		<b>74,606</b>	3,667
Other revenue		<b>2,419</b>	1
Selling expenses		<b>(2,945)</b>	(69)
General and administrative expenses		<b>(7,116)</b>	(415)
Research and development costs		<b>(4,089)</b>	(62)
Profit from operating activities	4	<b>62,875</b>	3,122
Income taxes	5	<b>(1,021)</b>	0
Profit before minority interests		<b>61,854</b>	3,122
Minority interests		<b>0</b>	42
Net profit attributable to shareholders		<b>61,854</b>	3,164
Dividends	6	<b>30,398</b>	0
Earnings per share	7	<b>4.05 cents</b>	0.23 cents

Notes:

### 1. Group reorganization and basis of preparation

The Company was incorporated in the Cayman Islands with limited liability on 9th February, 2001 under the Companies Law (2001 Second Revision) Chapter 22 of the Cayman Islands. Pursuant to a reorganization to rationalize the Group structure in preparation for the listing of the Company's shares (the "Reorganization") on Growth Enterprises Market ("GEM"), the Company acquired the entire issued share capital of Goldigit Limited, the then holding company of the subsidiaries included in the Reorganization, and thereby became the holding company of the Group on 22nd June, 2001. The shares of the Company have been listed on GEM since 9th July, 2001.

The Reorganization has been reflected in the accounts by regarding the Group as a continuing entity. Accordingly, the consolidated financial statements has been prepared on the basis of merger accounting as if the Company had been the holding company of the Group throughout the year ended 31st December, 2000 and 2001.

The financial statements have been prepared under the historical cost convention in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants.

### 2. Principal activities and geographical analysis of operations

The principal activities of the Company is investment holdings. The principal activities of the Group are sales and marketing of chemical pesticides applying PAT. As all of the Group's turnover and contribution to results were derived in the PRC, an analysis of the combined turnover and trading results of the Group by activity and geographical location is not presented.

### 3. Turnover

Turnover represents the amounts received and receivable for goods sold to outside customers, less returns, allowances and sales tax during the year, and is analysed as follows:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Sales of goods	111,159	6,438
Less: sales tax	<u>(136)</u>	<u>(16)</u>
	<u>111,023</u>	<u>6,422</u>

Note: Sales tax represents various local taxes levied at the difference rates based on the respective categories of the invoiced value of goods sold.

### 4. Profit from operating activities

Profit from operating activities is arrived at after charging:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Depreciation of property, plant and equipment	429	91
Amortisation of intangible assets	<u>940</u>	<u>564</u>

## **5. Income taxes**

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

No provision for taxation in other jurisdictions were made as the Group's PRC subsidiary, Fujian Goldigit Fine Chemical Industry Co., Ltd. ("Fujian Goldigit") was originally eligible for certain tax holdings and concessions and is exempted from PRC income taxes for two years starting from its first year of profitable operation after offsetting prior year losses, followed by a 50% exemption for the next three years.

However, in 24th May, 2001, Fujian Goldigit submitted a written application in respect of the PRC deferral of its entitlement of privileged tax policy, to the Fujian Province State Tax Bureau ("the Tax Bureau"). The application was successfully approved by the Tax Bureau on 1st August, 2001 which agreed to defer the tax holdings and concessions. Accordingly, Fujian Goldigit is exempted from PRC income tax for two years commencing from 1st January, 2001 and thereafter a 50% exemption for the next three years. Upon the approval of deferred of tax holiday and concessions, Fujian Goldigit was required to pay back the income tax. The income tax represents the underprovision of income tax for the year ended 31st December, 2000.

## **6. Dividends**

The Board recommends the payment of a final dividend of HK\$1.2 cents (2000: Nil) per share for the year ended 31st December, 2001. An interim dividend of HK\$10,000,000 was paid by a subsidiary to its then shareholders before the completion of the Reorganization. The dividend rate is not presented as the Board is of the opinion that such information is not meaningful for the purpose of these accounts.

## **7. Earnings per share**

The calculation of the earnings per share for the year ended 31st December, 2001 is based on the profit for the year of HK\$61,854,000 (2000: HK\$3,164,000) and on the weighted average of 1,525,668,219 (2000: 1,359,860,000) shares that would have been in issue throughout the year on the assumption that the Reorganization had been completed as at 1st January, 2000.

The 1,359,860,000 ordinary shares outstanding as a result of the Reorganization prior to the Group's initial public offering of its shares in July 2001, are included in the calculation of the weighted average number of shares as if those shares had been in issue since 1st January, 2000.

Diluted earnings per share is not presented for the year ended 31st December, 2001 and 2000 as there were no potential dilutive securities in existence during the year ended 31st December, 2001 and 2000.

## 8. Movement in reserves

Movement in reserves of the Group during the year are as follows:

	Exchange reserve HK\$'000	Goodwill reserve HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory reserve fund HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1st January, 2000	-	(129)	-	-	-	43	(86)
Goodwill arising on increase in interests in a subsidiary	-	(64)	-	-	-	-	(64)
Transfer	-	-	-	-	350	(350)	-
Net profit for the year	-	-	-	-	-	3,164	3,164
At 31st December, 2000 and 1st January, 2001	-	(193)	-	-	350	2,857	3,014
Share swap in accordance with the Group Reorganisation	-	-	-	73	-	-	73
Premium arising on issue of shares by means of placing	-	-	153,000	-	-	-	153,000
Capitalisation issues of shares	-	-	(67,988)	-	-	-	(67,988)
Expenses incurred in connection with the issue of shares	-	-	(12,355)	-	-	-	(12,355)
Exchange difference arising on translation of financial statements of operations outside Hong Kong	(36)	-	-	-	-	-	(36)
Transfer	-	-	-	-	6,971	(6,971)	-
Net profit for the year	-	-	-	-	-	61,854	61,854
Dividends	-	-	-	-	-	(30,398)	(30,398)
At 31st December, 2001	(36)	(193)	72,657	73	7,321	27,342	107,164

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial result

#### *Turnover and gross profit*

For the year ended 31st December, 2001, the Group recorded a total turnover of approximately HK\$111 million and profit attributable to shareholders of approximately HK\$62 million as compared to a turnover of approximately HK\$6 million and a profit of approximately HK\$3 million for the corresponding period of last year.

The increase was mainly attributable to the increased sales of Sha Shi Ba and contribution from another pesticide, Dao Ying Wen Jing, in the 2nd half of 2001. The Board believes the increase in sales of our products in various provinces of the PRC implied the recognition of the pesticides utilizing PAT.

As the Group is the only supplier of PAT pesticides, it enjoys a good gross profit margin. Gross profit margin for the year was 67% of sales, compared to 57% in 2000, due to benefits from economies of scale.

### *Other revenue*

Other revenue in the year was approximately HK\$2,419,000 as compared to approximately HK\$1,000 in the previous year. The increase was mainly due to the rise in interest income from fixed deposits.

### *Selling expenses*

Selling expenses increased significantly by 42 times to approximately HK\$2,945,000 as compared to approximately HK\$69,000 in the previous year, principally relating to significant increase in sales of the Group's products.

### *General and administrative expenses*

General and administrative expenses increased significantly to approximately HK\$7,116,000 compared to approximately HK\$415,000 in the previous year. The increase was mainly due to the increase of operating cost associated with the business expansion, the increase in the number of employees, and the addition of the Hong Kong office in March 2001.

## **Business review**

### *Chemical pesticides*

Since the commencement of its operation in the year 1997, the Group has been focusing on the research and development of pesticides applying the PAT. In April 1999, the Group successfully applied PAT into chemical pesticide for agriculture industry and launched its first product in 1999. In the year 2001, the Group launched an additional pesticide.

For the year ended 31st December, 2001, turnover of pesticides was approximately HK\$111,023,000, representing an increase of 16 times as compared to approximately HK\$6,422,000 in the last corresponding year 2000. The increase in turnover was largely attributable to the successful penetration of the Group's product in the PRC market and, as well as the launch of Dao Ying Wen Jing product since the 2nd half of 2001.

### *Sales expansion*

The Group continued to expand its market coverage and customer base in mainland China by implementing aggressive marketing strategies. Our marketing effort during the year mainly focused on developing relationships with the users including provision of training courses and demonstration to agents and farmers, strengthening distribution network through sales channels of agricultural protection centres, agricultural resources companies and individual pesticide trading companies, and promotion of products and brand image through newspaper and television advertisement. By the implementation of suitable marketing and distribution programs, the Board believes that the Group is able to improve customer service and expand its network with existing and potential customers.

### *Launch of new products*

In the 2nd half of 2001, the Group successfully launched a new product – Dao Ying Wen Jing, which is mainly used to extinct Asian rice gall midge, the leading pest in the southern paddy planting regions. The pest is dangerous to paddy growth and may cause complete loss of yield.

Introduction of this new product received good response in the market and its sales performance is satisfactory. Since traditional pesticides are toxic and hazardous to life, the pesticide applying PAT is environmentally friendly and easy to use which can improve the cost-effectiveness and enhance the productivity yield of the farmers.

#### *Continuous development in technologies*

The joint efforts for research and development of new products between the Group and research organizations have been progressing smoothly. Application for registration will be submitted to Ministry of Agriculture for a developing product, 1.2% fipromil after the completion of toxicity trial on early 2002.

The Group acquired a parcel of land with a site area 25,307 square meter in November 2001 for the establishment of its research and development centre. Site investigation and applications to the relevant authority in setting up the center has been progressing. The Group expects to put it into operation in the near future.

#### *Establishment of production plant to increase capacity*

The Group acquired the land use right in Quanzhou in November 2001 and has applied to commence construction. The new production plant will produce PAT pesticide to substitute to import and tradition pesticides.

### **Liquidity and financial resources**

As at 31st December, 2001, the Group's shareholders' funds amounted to approximately HK\$192,157,000 of which HK\$186,583,000 were cash and bank balance.

As at 31st December, 2001, the amount due to directors of the Company amounted to approximately HK\$2,878,000 which was unsecured and non interest bearing.

As at 31st December, 2001, the Group and the Company had no bank facilitates in place and no bank borrowing outstanding. The Group's gearing ratio, defined as the Group's total borrowings to the shareholders' funds, was zero since the Group did not have bank borrowing and long-term debts.

The Group depends mainly on its internally-generated funds for its operations. Cash from operations, when not need for working capital requirements, is principally placed in bank deposit. The Group's capital expenditures, such as new product research and development expenses and construction of production facilities, were mainly funded by the proceeds of the placing in July 2001.

During the year ended 31st December, 2001 and 31st December, 2000, the Group conducted its business transactions principally in Renminbi which was relatively stable during the period under review. The Group considered that as the exchange rate risks of the Group is considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

Apart from the Reorganization of the Group as set out in the Prospectus of the Company dated 29th June 2001, there were neither significant investment held by the Group nor material acquisitions and disposals of subsidiaries and affiliated companies for the year ended 31st December, 2001 and 31st December, 2000.



The Group's future plans for material investments or capital assets shall be in line with the details set out in the section of "Statement of Business Objectives" in the Prospectus of Company dated 29th June 2001. Except for the repayment of an amount due to a director upon listing of the Company, there have been no other plans that will require sources of funding from the internal resources of the Group.

As at 31st December 2000 and 2001, the Group had no charge on group assets nor contingent liabilities.

### **Use of proceeds from the listing**

The net proceeds raised from the listing of the Group on the GEM on 9th July, 2001 was approximately HK\$157 million.

During the period from 9th July, 2001 to 31st December, 2001, the Group had incurred the following amount to achieve the business objectives as set out in the Prospectus:

	<b>Planned use of proceeds as stated in the Prospectus up to 31st December 2001 HK\$ million</b>	<b>Actual application HK\$ million</b>
Development of products	9	4
Establishment of research and development center	2	8
Establishment of production base and purchase of equipment and facilities	11	5
Expansion of sales network	0	0
Enhancement of website and establishment of information exchange platform	1	1
Marketing and brand building	1	3
Farmers' training programme	0	0
	<u>24</u>	<u>21</u>

The remaining balance of the proceeds have been deposited at licensed bank in Hong Kong to prepare for future use as set out in the business development plan in the prospectus. The Board does not envisage any circumstances which may lead to material alteration as to the proposed use of the net proceeds.

By capitalizing on the above funds, the Board believes that the Group has sufficient capital to cope with the needs of its operation.

### **Employee information**

Staff costs, including directors' emoluments, was approximately HK\$2.5 million for the year ended 31st December, 2001 (2000: approximately HK\$0.2 million). The increase in remuneration were mainly due to the increase in the number of staff from 31 to 45 for the expansion of the business of the Group and adjustment of remuneration.

As at 31st December, 2001, the Group had 45 full time employees of which 5 were based in Hong Kong and the rest in PRC. Employees were paid at market remuneration with discretionary bonus and benefit of medical insurance, mandatory provident fund, share options and necessary training. The Company had introduced a Share Option Scheme at the time of listing and the Scheme will be amended from time to time to take into account changes in market conditions and the GEM Listing Rules.

## **PROSPECT**

China is a big agricultural country with large population, with limit arable land. As population grows step, the need for agricultural output led to increase in demand for new pesticides. We believe that the development and supply of pesticide based on PAT still lags behind the demand of farmers.

In recent years, there was vigorous growth in pesticide industry in the PRC. The Board believes that the Group has been in an advantageous position that may meet future market demand for and growth on those new pesticides with advanced technology, high efficiency, low toxicity, low residue and low application volume. (高效低毒·低殘留及低用量). Looking to the future, the Group's series products of target propellant have favorable market potential in the PRC.

The listing of the Company on GEM provides the Group a solid base to expand its capacity and seek business development opportunities. We are pleased to note the Group's new product Dao Ying Wen Jing has successfully penetrated the market. Dao Ying Wen Jing is already making contribution to the Group's turnover and profit. We expect that it will make a significant contribution to the Group's performance in the coming years. The Group has commenced research and development study on the application of the PAT on other types of products, namely, fertilizers, herbicides, mosquito terminators, algae killer and oil slicks' solvent. With this regard, we anticipate that sale of the Group's products will continue to expand and bring significant returns to shareholders.

The pesticide industry in China is facing domestic and foreign challenges as well as opportunities from the transition to market economy and the entry of World Trade Organization ("WTO"). In order to adjust itself to accommodate the new circumstances, the future development of the Company will focus on: improving and developing the PAT application, establishing an integrated system of production, sales and service. The Group has signed contracts with various research institutes or universities to support the development and advancement of the PAT to new products. In addition, to modernize its system of operations, the Company will strengthen its coordination among different sectors in the pesticide industry and the other industries.

We anticipate the combination of our unique technology, healthy financial position, market conditions and a good brand name will enable the Group to enhance its competitiveness and economic gains. The Group will continue to execute its business plan and move towards its objective of providing environmental safety products serving customers worldwide.

## **BUSINESS OBJECTIVES REVIEW**

An analysis comparing the business objectives as stated in the Prospectus dated 29th June, 2001 with the Group's actual business progress up to 31st December, 2001 is set out below.

### **Business objectives as stated in the Prospectus**

Development of new products

### **Actual business progress up to the end of December 2001**

**1.2% fipronil 1.2% 銳勁特•展膜油劑 (象甲淨) :**  
The Group signed contract with Harbin Institute of Technology for research, development and testing of the PAT product. The 2 year 2 region trial was underway. Application for registration will be submitted to Ministry of Agriculture after the completion of toxicity trial on early 2002.

### **Target propellant new pesticide on Rice Borer: (水稻螟蟲):**

The Group signed contract with Shanghai Jiao Tong University on conducting feasibility study. The study will be completed by early 2002.

### **Target propellant new weedicide for paddy:**

The feasibility study by Harbin Institute of Technology was completed in November 2001 and the research and development work was in progress.

### **Target propellant new fertilizer for paddy:**

The Group completed the feasibility study on applying PAT to a new fertilizer. Further research work was under preparation.

**Business objectives as stated  
in the prospectus**

**Actual business progress up to  
the end of December 2001**

**Mosquito terminator for urban drains:**

The Group signed contracts with Harbin Institute of Technology and Environmental Research Centre of Xiamen University for conducting research and development, and testing respectively. The research and development work was under way.

**Development of nanotechnology on chemical pesticides:**

The Group signed a contract with Environmental Research Centre of Xiamen University for the feasibility study on applying the concept to chemical pesticides. The feasibility study will be completed on early 2002.

Investment in a research and development centre

The Group confirmed establishment of its research and development centre in Fuzhou District, Fujian Province and signed an agreement with an independent third party for the acquisition of land uses right at a total contract sum of RMB11 million (site area 16,379 square meter) , of which RMB 8 million was paid. Site investigation work and application to relevant authority was submitted.

Establishment of production bases and the purchase of equipment and facilities

The Group confirmed establishment of a production factory in Quanzhou, Fujian Province and signed a contract with an independent third party for the acquisition of land uses right at a total contract sum of RMB 6 million (site area 25,307 square meter). Plans to construction of the factory was under preparation.

Expansion of sales network

The Group performed market surveys with agricultural resources companies in various regions. The Group will expand its sales network and increase the intensity of marketing activities.

**Business objectives as stated  
in the prospectus**

Enhancement of the Group's website

Marketing and brand building

**Actual business progress up to  
the end of December 2001**

The Group engaged professional IT provider to continuously improve its management information systems for eCommerce through the launch of a new design for the Group's website, as well as the developing a two way interactive information exchange platform. The contract sum amounted to RMB2.8 million, of which RMB1 million was paid.

The Group signed a contract with a business advertising and promotion services company for advertising and promotion activities for the Group's products, including the launch of Dao Ying Wen Jing through TV advertisement in various provinces between August and November 2001. The contact sum amounted to RMB2.7 million was paid.

The Group continued to participate in conferences, seminars and the relevant local Agricultural Protection Centre to build up a good reputation for the Company's products. The Group continued to co-operate with agricultural technological units providing training programmes for sales agents and agricultural resources companies.

## DIRECTORS' INTEREST IN SECURITIES

As at 31st December, 2001, the interests of the directors and chief executives and their associates in the securities of the Company and its associated corporations ("securities" and "associated corporations" as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

### Interest in the Company's shares

Name	Personal interests	Family interests	Corporate interests	Other interests	Total no. of shares
Lao Seng Peng	–	–	1,169,479,600 ( <i>note</i> )	–	1,169,479,600

*Note:* These shares are held by Best Today Investments Limited ("Best Today"), a company incorporated in the British Virgin Islands ("BVI") and wholly owned by Mr. Lao Seng Peng.

## SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2001, in addition to those interests as disclosed above in respect of the directors, the Company had been notified of the following interests, being 10% or more in the issued share capital of the Company directly or indirectly according to the register of substantial shareholders required to be maintained under section 16(1) of the SDI Ordinance:

Name	Number of shares	Approximate percentage of holding
Best Today ( <i>note</i> )	1,169,479,600	68.80%
Lao Seng Peng ( <i>note</i> )	1,169,479,600	68.80%

*Note:* Best Today is wholly owned by Mr. Law Seng Peng. Both Best Today and Mr. Lao Seng Peng are deemed to have the duplicate interests in the share capital of the Company by virtue of section 8 of the SDI Ordinance.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period under review.

## SHARE OPTION SCHEME

Under a share option scheme adopted by the shareholders of the Company on 22nd June, 2001, the directors of the Company may, at their discretion, offer the full-time employees, and executive directors of the Company, options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. During the period from 1st January, 2001 to 31st December, 2001, no option was granted by the Company under the Share Option Scheme and as at 31st December, 2001, no option pursuant to the Share Option Scheme was outstanding.

## **COMPETING INTERESTS**

None of the directors or the management shareholders of the Company and their respective associates (as defined in the GEM listing Rules) had an interest in a business which competes or may compete with the business of the Group.

## **SPONSOR'S INTEREST**

As updated and notified by the Company's sponsor, Core Pacific – Yamaichi Capital Limited (“Core Pacific – Yamaichi”), neither Core Pacific – Yamaichi nor its directors, employees or associates had any interest in the share capital of the Company as at 31st December, 2001 pursuant to Rules 6.35 and 18.63 of the GEM Listing Rules. Pursuant to the agreement dated 9th July, 2001 entered into between the Company and Core Pacific – Yamaichi, Core Pacific – Yamaichi has received and will receive a fee for acting as the Company's retained sponsor for the period from 9th July, 2001 to 31st December, 2003 or until the sponsor agreement is terminated upon the terms and conditions set out therein.

## **AUDIT COMMITTEE**

The Company established an audit committee on 22nd June, 2001 with written terms of reference in compliance with the requirements as set out in Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises the three independent non-executive directors, Mr. Sun Juyi, Mr. Stacey Martin Wong and Mr. Lam Ming Yung.

## **BOARD PRACTICES AND PROCEDURES**

The Company has complied with Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules during the year.

On behalf of the Board  
**Lao Seng Peng**  
Chairman

Hong Kong,  
18th March, 2002

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the day 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