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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, 2002**

#### **Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock 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 obligations 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 of the Stock Exchange 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 Stock Exchange. 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 in order to obtain up-to-date information on GEM-listed issuers.**

*This announcement, for which the directors of the Goldigit Atom-tech Holdings Limited 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 Goldigit Atom-tech Holdings Limited. 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 purpose only*

## FINANCIAL HIGHLIGHTS

	For the year ended 31st December	
	2002 HK\$'000	2001 HK\$'000
Results of Goldigit Atom-tech Holdings Limited (the "Company") and its subsidiaries (collectively the "Group")		
Turnover	<u>85,908</u>	<u>111,023</u>
Profit attributable to shareholders	<u>37,411</u>	<u>61,854</u>
Earnings per share (HK cents) – Basic	<u>2.20</u>	<u>4.05</u>

- Turnover for 2002 amounted to approximately HK\$86 million, a decrease of 23% from approximately HK\$111 million for 2001.
- Profit attributable to shareholders for 2002 amounted to approximately HK\$37 million, a decrease of 40% from approximately HK\$62 million for 2001. Earnings per share amounted to approximately HK2.2 cents which compared with approximately HK4.05 cents for the previous year 2001, representing a decrease of 46%.
- The board of directors (the "Board") does not recommend the payment of a final dividend for the year ended 31st December, 2002.

## CHAIRMAN'S STATEMENT

During the year, turnover and profit attributable to shareholders were approximately HK\$86 million and HK\$37 million respectively, representing a 23% and a 40% decrease from the previous year. The unfavourable weather conditions affected the regions in the PRC which we conduct business and this had an adverse impact on the demand for our products. In addition, sales of the Group's products also experienced pressure owing to the intensified competition as there were many pesticide products being sold in the market at lower prices. Contrary to the decrease in turnover, the total expenses of the Group (including written off of intangible assets of approximately HK\$1.4 million) increased significantly during the year from approximately HK\$14.2 million in the previous year to approximately HK\$22.1 million for the year ended 31st December, 2002. Accordingly, the profit attributable to shareholders decreased from approximately HK\$62 million for the previous year to approximately HK\$37 million for the year ended 31st December, 2002.

Although the Group experienced a downturn in turnover, we believe that continued product development is essential to consolidate our position in the insecticide industry of the PRC. In December 2002, a new research and development centre was established in Fuzhou in the PRC. The cost of construction of this new centre was approximately HK\$25 million, all of which were financed by the proceeds of listing. With this new research and development centre, new products based on our Propulsive Agent Technology ("PAT") will be developed and our product lines will be expanded to address the demand of the insecticide industry in the PRC.

Our newly developed product, 1.2% fipronil, was notified by the Pesticide Testing Centre of the PRC Ministry of Agriculture in June 2002 that a change of its formulation of pesticide intensity from 1.2% to 3% was required. As a result, field trials shall be extended for a further period of two years after this change in formulation. We believe that the new product will be launched by the end of 2004. The Group is fully aware of the importance of strong product lines to address market demand and is committed to aggressively develop new products based on our PAT.

Apart from expanding our sales and marketing network in the PRC, we are also considering to explore new markets in other Asian regions for our products. In October 2002, we entered into a collaboration agreement with Shanghai Jiao Tong University to perform feasibility test for the application of our product, Sha Shi Ba, in Thailand. It is expected that the test will be completed by the end of 2004.

Despite the decrease in turnover, our Group is striving with continuous effort to capture additional sales by developing new products and exploring new potential markets. Given the strong financial position in 2002 with significant bank balances and zero gearing, we believe our Company has sufficient capital to sustain its operation and to fund the future growth of the business.

## RESULTS

The Board of the Company is pleased to announce that the audited final results of the Group for the year ended 31st December, 2002, together with the comparative audited figures for the corresponding year ended 31st December, 2001, are set out below:

	<i>Notes</i>	<b>For the year ended 31st December, 2002</b> <i>HK\$'000</i>	<b>For the year ended 31st December, 2001</b> <i>HK\$'000</i>
Turnover	2	85,908	111,023
Cost of sales		(28,883)	(36,417)
Gross profit		57,025	74,606
Other operating income		2,493	2,419
Selling expenses		(4,967)	(2,945)
Administrative expenses		(8,812)	(7,116)
Research and development costs		(6,918)	(4,089)
Written off of intangible assets		(1,410)	–
Profit before taxation	3	37,411	62,875
Taxation	4	–	(1,021)
Profit attributable to shareholders		37,411	61,854
Dividends	5	–	30,398
Earnings per share (HK cents) – Basic	6	2.20	4.05

Notes:

**1. Basis of preparation**

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong. The accounts have been prepared under the historical cost convention.

**2. Turnover**

Turnover represents the net amounts received and receivable for goods sold to outside customers, less returns, allowances and sales tax during the year. As all of the Group's turnover is attributed to the sales of pesticides and is derived in the PRC, the analysis by business segment and geographical location is not presented.

**3. Profit before taxation**

Operating profit has been arrived at after charging the following:

	<b>For the year ended 31st December 2002 HK\$'000</b>	<b>For the year ended 31st December 2001 HK\$'000</b>
Depreciation of plant and equipment	472	429
Amortisation of intangible assets	940	940
	<hr/>	<hr/>
Total depreciation and amortisation	1,412	1,369
Auditors' remuneration	575	616
Operating lease charges in respect of premises	426	360
Staff costs:		
Directors' remuneration	1,578	762
Other staff costs excluding directors' remuneration	2,418	1,597
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration	110	89
	<hr/>	<hr/>
	4,106	2,448
	<hr/>	<hr/>
but crediting		
Interest income	2,490	2,369
	<hr/>	<hr/>

**4. Taxation**

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. is exempted from PRC income tax commencing in year 2001 for two years and thereafter a 50% exemption for the next three years.

**5. Dividends**

No dividend has been paid or declared by the Company during the year other than the final dividend of HK\$20,398,000 at HK1.2 cents per share in respect of the year ended 31st December, 2001. An interim dividend of HK\$10,00,000 was declared in 2001 by a subsidiary, Goldigit Limited before the group reorganisation.

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2002 (2001: a final dividend of HK1.2 cents per share was declared and proposed).

## 6. Earnings per share

The calculation of the earnings per share is based on the following data:

	<b>For the year ended 31st December, 2002 HK\$'000</b>	<b>For the year ended 31st December, 2001 HK\$'000</b>
Earnings	<u>37,411</u>	<u>61,854</u>
	'000	'000
Weighted average number of shares	<u>1,699,860</u>	<u>1,525,668</u>

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue in either 2002 or 2001.

## 7. Reserves

Movements of reserves for the two years ended 31st December, 2002 are as follows:

	<b>Exchange reserve HK\$'000</b>	<b>Goodwill HK\$'000</b>	<b>Share premium HK\$'000</b>	<b>Special reserve HK\$'000</b>	<b>Statutory reserve fund HK\$'000</b>	<b>Accumulated profits HK\$'000</b>	<b>Total HK\$'000</b>
At 1st January 2001	–	(193)	–	–	350	2,857	3,014
Exchange difference arising on translation of financial statements of operations outside Hong Kong	(36)	–	–	–	–	–	(36)
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 issue of shares	–	–	(67,988)	–	–	–	(67,988)
Expenses incurred in connection with the issue of shares	–	–	(12,355)	–	–	–	(12,355)
Transfer	–	–	–	–	6,971	(6,971)	–
Profit for the year	–	–	–	–	–	61,854	61,854
Dividends paid	–	–	–	–	–	(10,000)	(10,000)
At 1st January, 2002	(36)	(193)	72,657	73	7,321	47,740	127,562
Profit for the year	–	–	–	–	–	37,411	37,411
Dividends paid in respect of year ended 31st December 2001	–	–	–	–	–	(20,398)	(20,398)
At 31st December, 2002	<u>(36)</u>	<u>(193)</u>	<u>72,657</u>	<u>73</u>	<u>7,321</u>	<u>64,753</u>	<u>144,575</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results of operations

The Group recorded a turnover of approximately HK\$85,908,000 for the year ended 31st December, 2002, a 23% decrease from approximately HK\$111,023,000 for the year ended 31st December, 2001. The decrease was mainly attributable to the decrease in sales volume for 2002. Such decrease in turnover resulted in the lessened contribution of approximately HK\$17,581,000 to the gross profit of the Group. The unfavourable weather conditions had affected the regions in the PRC which the Group conduct business and this had an adverse impact on the demand of the Group's products. In 2002, the Group did not adjust the selling price of its pesticides to preserve its gross profit margin of 66-67% despite intensified market competition as there were many pesticide products sold in the market at lower prices.

Selling and administrative expenses for the year ended 31st December, 2002 increased to approximately HK\$13,779,000 from approximately HK\$10,061,000 for the year ended 31st December, 2001. The increase of selling expenses was primarily the result of increased marketing expenses to promote the Group's brand name and corporate image. The increase in administrative expenses largely represented a full year operating expenses of Hong Kong office for 2002 as compared with 6 months operating expenses in 2001.

Research and development costs for the year ended 31st December, 2002 increased to approximately HK\$6,918,000 from approximately HK\$5,499,000 (of which approximately HK\$4,089,000 was expensed to profit & loss account during 2001 and approximately HK\$1,410,000 was capitalised as intangible asset as at 31st December, 2001) for the year ended 31st December, 2001. Such increase of approximately HK\$1.4 million was mainly the result of increase in product development activities during the year. The Group proceeded to write off approximately HK\$1,410,000 of research and development costs for 1.2% fipronil as the commercialisation of the product is delayed due to the notification of the Pesticide Testing Centre of the PRC Ministry of Agriculture in June 2002 to change its formulation of pesticide intensity from 1.2% to 3%. As a result, field trials shall be extended for a further period of two years after this change in formulation.

As a result, profit attributable to shareholders for the year ended 31st December, 2002 amounted to approximately HK\$37,411,000, a decrease of about 40% as compared to that of approximately HK\$61,854,000 for the year ended 31st December, 2001.

### Business Review

#### *Overview*

The Company, through its wholly owned subsidiaries in the PRC, is a unique provider of quality chemical pesticides based on PAT. Two of the Group's chemical pesticides, Sha Shi Ba and Dao Ying Wen Jing, contributed to the Group's overall turnover. Sha Shi Ba, which is used to kill rice planthoppers, was launched in 1999. Dao Ying Wen Jing, which is used to kill Asian rice gall midge, was launched in 2001.

Commencing from early 2002, the sales for Sha Shi Ba was subject to the PRC value-added tax at a rate of 6% (2001: nil) due to a change in State's tax privileged policy in respect of the agriculture industry. In order to promote the product and corporate image, the Group conducted farmers training programs in certain large agricultural provinces, such as Anhui, Fujian, Kwangtung, Jiangsu, Jiangxi. During the year, the Group fully adopted its own trademarks namely “金澤靈” and “金澤精化” for the Group's products.

### *Expansion to new markets*

Despite the difficult operating environment experienced in 2002, the Group implemented aggressive marketing strategies to improve its relationship with the users including the provision of training courses and demonstration to agents and farmers, strengthening distribution network through sales channels as well as implementing effective marketing and distribution programs in all potential market places to upgrade customer services. In 2002, the Group set up two sales office in Anhui and Jiangsu Provinces.

### *Development of new products*

Formulation of 1.2% fipronil was modified. The Group re-scheduled its launch date by the end of 2004. Despite the set back in the introduction of 1.2% fipronil, the Group continues developing new products based on PAT. The joint efforts for research and development of new products with outside research organisations have been progressing smoothly. Target propellant new pesticide on rice borer (水稻螟蟲) is being prepared for field trial and mosquito terminator for urban drains is undergoing further research by Harbin Institute of Technology. In October 2002, the Group entered into a collaboration agreement with Shanghai Jiao Tong University to perform feasibility test for the application of Sha Shi Ba in Thailand. It is expected that the test will be completed by the end of 2004. In 2002, the Group suspended the developments of (i) target propellant new weedicide for paddy as the testing results did not meet the Group's expected standard; (ii) target propellant new fertilizer for paddy as it was not considered commercially viable in the current state of the fertilizer market; and (iii) nanotechnology on chemical pesticides because of its current limited application.

### *Establishment of the research and development centre*

In December 2002, a new research and development centre was established in Fuzhou in the PRC. The cost of construction of this new centre was approximately HK\$25 million, all of which were financed by the proceeds of listing. With this new research and development centre, new products based on our PAT will be developed and our product lines will be expanded to address the demand of the insecticide industry in the PRC.

By the end of 2002, the Group relocated its headquarter and principal place of operation to the new research and development centre in Fuzhou, the PRC. The Group will continue to acquire suitable personnel and equipment to expand its research capacity.

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

In late 2001, the Group acquired a parcel of land with the gross floor area of approximately 25,000 square meter in Quanzhou, the PRC, for the establishment of a new production plant. The production plant will be equipped for the production of insecticide based on PAT and new products from the Group's research and development. The construction plan is being prepared.

## **Liquidity and Capital Resources**

### *Cash Flows*

The Group has generally financed its working capital requirements by using cash generated from operations. Cash from operations is principally placed in bank as fixed deposit. The Group's capital expenditure and research and development costs were mainly funded by the proceeds of the placing in July 2001.

As at 31st December, 2002, the Group's shareholders' funds amounted to approximately HK\$229,568,000 (2001: HK\$212,555,000), and cash and bank balances amounted to approximately HK\$185,106,000 (2001: HK\$186,583,000). As at 31st December, 2002, the Group's current assets and current liabilities amounted to approximately HK\$187,652,000 and HK\$5,410,000 respectively (2001: HK\$199,169,000 and HK\$4,712,000 respectively).

The Group has sufficient capital to cover its capital expenditure and other operating needs.

#### *Borrowings*

As at 31st December, 2002, the Group did not have any bank facilities in place and there were no bank borrowings outstanding (2001: nil). The Group's gearing ratio, defined as the Group's total borrowings to the shareholders' funds, was zero.

#### *Capital structure of the company*

The Group is financed by the shares issued and retained earnings. No debts were raised during the year ended 31st December, 2002.

#### *Material acquisition and disposals*

There were neither significant investment held by the Group nor material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31st December, 2002 (2001: nil).

#### *Charges on group assets*

The Group did not have any charge on its assets as at 31st December, 2002 (2001: nil).

#### *Details of future plans for material investment or capital assets*

Save as disclosed in this announcement, the Group's future plans for material investments or capital assets are expected to be in line with the details set out in the section of "Statement of Business Objectives" in the prospectus of the Company dated 29th June 2001 (the "Prospectus").

#### *Foreign exchange exposure*

The Board believes that the exchange rate risk of the Group is minimal because the Group's business transactions are principally in Renminbi in the PRC, which was relatively stable during the year under review. However, if there was a devaluation of the Renminbi against the Hong Kong dollars, it would adversely affect the Group's performance when measured in Hong Kong dollars.

#### *Contingent liabilities*

The Group did not have any material contingent liabilities as at 31st December, 2002 (2001: nil).

### **Employee Information**

Staff costs, including directors' emoluments, were approximately HK\$4.1 million for 2002 (2001: approximately HK\$2.5 million). The increase in remuneration was mainly due to the full year staff costs and directors' remuneration.



As at 31st December, 2002, the Group had 51 full time employees of which 5 are based in Hong Kong and the remaining in the PRC. The Group's employees are remunerated according to the nature of their duty and market trend, with discretionary bonus and benefit of retirement scheme, share options and necessary training. The Company would grant share options to employees based on performance evaluation in order to provide incentive and reward to them. The Group believes that its relationship with its employees are good.

## Prospect

Following China's accession into World Trade Organisation, import of pesticides has substantially increased with lower prices and competitive quality. In addition, price of local pesticide products are substantially lower than those of the Group. Accordingly, it is expected that the Group will continue to face severe operating environment and stern competition in 2003.

The Directors believe that the Group's products are more advanced and user friendly than traditional pesticides. The Group will increase its efforts in promoting its products, enhancing its customer base and strengthening relationships with customers. The Group will continue and enhance its research and development activities to improve and expand its products, and to identify new opportunities for growth.

## USE OF PROCEEDS

The net proceeds raised from the listing of the Company on the GEM on 9th July, 2001 was approximately HK\$158 million.

During the period from 9th July, 2001 to 31st December, 2002, the Group had incurred the following amounts to achieve the business objectives as set out in the Prospectus:

	<i>Notes</i>	<b>Use of proceeds as stated in the Prospectus up to 31st December, 2002 HK\$ million</b>	<b>Actual amount used up to 31st December, 2002 HK\$ million</b>
Development of new products	<i>1</i>	24	8
Investment in a research and development centre	<i>2</i>	13	25
Establishment of production base and the purchase of equipment and facilitates	<i>3</i>	30	12
Expansion of sales network		7	1
Enhancement of Group's website		4	1
Marketing and brand building		13	4
Farmers' training programme		2	2
		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
		<b>93</b>	<b>53</b>

The remaining balances of the proceeds have been deposited at banks to prepare for future use as set out in the business development plan in the Prospectus. Save for the above, the Board does not envisage any circumstances which may lead to material alterations as to the proposed use of the net proceeds.

*Notes:*

1. The under-utilisation is attributed to the decision to discontinue and delay some applied research works.
2. The excess use of proceeds is attributed to the additional cost for the acquisition of land use right and construction for the research and development centre.
3. The under utilisation is attributed to the deferral in executing plan for the production base.

## **BUSINESS OBJECTIVES REVIEW**

An analysis comparing the business objectives as stated in the Prospectus with the Group's actual business progress up to 31st December, 2002 is set out below.

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

Development of new products

### **Actual business progress up to 31st December, 2002**

**1.2% fipronil 1.2% 銳勁特•展膜油劑 (象甲淨) :**  
The Group was notified by the Pesticide Testing Centre of the PRC Ministry of Agriculture in June 2002 to change its formulation of pesticide intensity from 1.2% to 3%. As a result, field trials shall be extended for a further 2 years' period after this change in formulation. We believe that the new product will be launched by the end of 2004.

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

Feasibility study has been completed. The Group is preparing the next field trial phase.

**Target propellant new weedicide for paddy:**

The Group suspended its development works as the testing results did not meet the Group's expected standard.

**Target propellant new fertilizer for paddy:**

The Group suspended its development work as it is not considered commercially viable in the current state of the fertilizer market.

**Mosquito terminator for urban drains:**

Feasibility study has been completed. Further research and development works undertaken by Harbin Institute of Technology is progressing.

**Development of nanotechnology on chemical pesticides:**

The Group suspended its research works because of its current limited application on chemical pesticides.

**Business objectives as stated in the Prospectus****Actual business progress up to 31st December, 2002**

Investment in a research and development centre	By the end of 2002, the Group completed the construction of its research and development centre in Fuzhou, the PRC, and relocated its headquarter and principal place of operation there. The Group will continue to acquire suitable equipment and personnel to improve its research capacity.
Establishment of production bases and the purchase of equipment and facilities	In 2001, the Group acquired a parcel of land in Quanzhou, the PRC for construction of its production base. The construction plan is being prepared.
Expansion of sales network	The Group set up 2 sale offices in Anhui and Jiangsu Provinces. The Group will further expand its sales network in the other provinces.
Enhancement of the Group's website	The Group achieved its plan to upgrade and improve its computer system and website, but postponed the establishment of an interactive exchange platform on pest information due to the deferral of the establishment of its production base.
Marketing and brand building	The Group continued to improve its product image and brand awareness through advertisement programs. The Group will continue its advertising activities to increase awareness of its products. The Group will participate in conferences, seminars to build up a good reputation for its products, and organize farmers training programs. In 2002, the Group performed training programs for farmers and sales agents in 5 provinces in the PRC.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES**

As at 31st December, 2002, the interests of the directors and chief executive and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

<b>Name of director</b>	<b>Corporate interest</b>
Mr. Lao Seng Peng	1,169,479,600

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

Other than as disclosed above, none of the directors and chief executive and their associates, had any interests in the share capital of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which is required to be recorded in the Register of Directors' Interest pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.41 to 5.59 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, (including debentures) of, the Company or any other body corporate and neither the directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

## **SUBSTANTIAL SHAREHOLDERS**

As at 31st December, 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the directors and chief executive, the Company has not been notified of any other interest representing 10% or more of the Company's issued share capital as at 31st December, 2002.

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES**

There were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

## **COMPETING INTERESTS**

The Board is not aware of, as at 31st December, 2002, any business or interest of each director, management shareholder and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## **SPONSOR'S INTERESTS**

As notified by the Company's then sponsor, Core Pacific-Yamaichi Capital Limited ("CPY Capital"), as at 31st December, 2002, a wholly-owned subsidiary of Core Pacific-Yamaichi International (H.K.) Limited, an associate (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) of CPY Capital, held 512,000 shares in the Company. Save as disclosed herein, neither CPY Capital nor its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the share capital of the Company as at 31st December, 2002.

Pursuant to the agreement dated 10th July, 2001 entered into between the Company and CPY Capital, whereby, for a fee, CPY Capital will act as the Company's sponsor for the period from 9th July, 2001 to 31st December, 2003. On 19th March, 2003, the sponsor agreement was terminated.

Pursuant to an agreement dated 20th February, 2003 entered into between the Company and MasterLink Securities (Hong Kong) Corporation Limited ("MasterLink"), whereby, for a fee, MasterLink will act as the Company's sponsor for the period from 19th March, 2003 to 31st December, 2003 or until the sponsor agreement is terminated upon the terms and conditions set out therein. As notified by MasterLink, MasterLink, its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules), as at 31st December, 2002, did not have any interests in the securities of the Company or any members of the Group, or any rights to subscribe for or to nominate persons to subscribe for the securities of the Company or any members of the Group.

## **COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES**

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

### **AUDIT COMMITTEE**

The audit committee meets regularly with the management to review the accounting principles and practices adopted by the Group and discuss internal control and financial reporting matters including reviews of the quarterly unaudited consolidated financial statements. The members of the audit committee are Mr. Sun Juyi, Mr. Wong Stacey Martin and Mr. Lam Ming Yung.

During the year, the Audit Committee held 5 meetings and performed the following duties:

1. reviewed and commented on the Company's draft annual and interim financial reports;
2. met with the external auditors and participated in the reappointment and assessment of the performance of the external auditors.

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

21st March, 2003

*This announcement will remain on GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the day of its posting and the website of the Company at [www.goldigit.com](http://www.goldigit.com)*