

**FURTHER INFORMATION ABOUT THE COMPANY****Incorporation**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 9th February, 2001 with an authorised share capital of HK\$380,000 divided into 3,800,000 shares of a nominal value of HK\$0.10 each, upon which 1 share of HK\$0.10 was allotted and issued nil paid to Codan Trust Company (Cayman) Limited as subscriber on incorporation and which was subsequently transferred to Mr. Lao Seng Peng on 16th March, 2001 at nil consideration, and then to Best Today on 20th June, 2001 at a nominal consideration of HK\$0.01.

On 21st June, 2001, pursuant to a resolution in writing passed by the sole shareholder of the Company, every issued and unissued share of HK\$0.10 each in the capital of the Company was subdivided (“Subdivision”) into two Shares of HK\$0.05 each such that the authorised share capital of the Company was HK\$380,000 divided into 7,600,000 Shares of HK\$0.05 each and the issued share capital of the Company was HK\$0.10 divided into 2 Shares of HK\$0.05 each issued nil paid and held by Best Today.

The Company has established a place of business in Hong Kong at Unit 908, 9th Floor, K. Wah Centre, No. 191 Java Road, North Point, Hong Kong. The Company has been registered as an oversea company under Part XI of the Companies Ordinance on 25th May, 2001. In connection with such application, Mr. Lao Seng Peng of Flat F, 24th Floor, Yuan Kung Mansion, 20 Tai Koo Shing Road, Hong Kong and Mr. Yuen Leong of Flat B, First Floor, Block 15, Provident Centre, Wharf Road, North Point, Hong Kong have been appointed as agents of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong.

The Company is incorporated in the Cayman Islands and is subject to Cayman Islands company law. Its constitution comprises a memorandum of association and articles of association. A summary of certain relevant parts of the Company’s constitution and certain relevant aspects of the Cayman Islands company law is set out in appendix IV to this prospectus.

**Changes in share capital of the Company**

As at the date of its incorporation, the initial authorised share capital of the Company was HK\$380,000 divided into 3,800,000 shares of a nominal value of HK\$0.10 each, upon which one share of HK\$0.10 was allotted and issued nil paid to Codan Trust Company (Cayman) Limited as subscriber on incorporation representing 100 per cent. of the then issued share capital of the Company. The said nil-paid share of HK\$0.10 was subsequently transferred to Mr. Lao Seng Peng on 16th March, 2001 at nil consideration, and then to Best Today on 20th June, 2001 at a nominal consideration of HK\$0.01. Following the Subdivision on 21st June, 2001, the authorised share capital of the Company was HK\$380,000 divided into 7,600,000 Shares of HK\$0.05 each, and the then issued share capital of the Company was HK\$0.10 divided into 2 Shares of HK\$0.05 each issued nil paid and held by Best Today.

On 22nd June, 2001, in accordance with the sale and purchase agreement referred to in subparagraph (h) in the paragraph headed “Summary of material contracts” in this appendix, the Company acquired from Mr. Lao Seng Peng, Mr. Li Lai Ming, Ms. Ho Ping, Tanya and Mr. Tsang

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Man Chan, the entire issued share capital of Goldigit Limited, and in consideration thereof (i) an aggregate of 99,998 Shares, credited as fully paid, were allotted and issued to Best Today (at the direction of Mr. Lao Seng Peng) as to 85,998 Shares, Mr. Li Lai Ming as to 5,000 Shares, Ms. Ho Ping, Tanya as to 4,500 Shares and Mr. Tsang Man Chan as to 4,500 Shares and (ii) the Company credited as fully paid up at par, the existing 2 Shares issued nil paid and held by Best Today.

On 22nd June, 2001, in accordance with the written resolutions of the sole shareholder of the Company passed on 22nd June, 2001, the authorised share capital of the Company was increased from HK\$380,000 to HK\$500,000,000 by the creation of an additional 9,992,400,000 Shares.

Immediately following the completion of the Placing and the Capitalisation Issue, the authorised share capital of the Company will be HK\$500,000,000 divided into 10,000,000,000 Shares and the issued share capital will be HK\$84,993,000 divided into 1,699,860,000 Shares (each of which will be fully paid or credited as fully paid) and 8,300,140,000 Shares will remain unissued. Other than the Shares issuable pursuant to the exercise of the Over-allotment Option or any options which may fall to be granted under the Share Option Scheme, or the exercise of the general mandate referred to in the paragraph headed "Written resolutions of the sole shareholder of the Company passed on 22nd June, 2001" of this appendix, the Directors have no present intention to issue any part of the authorised but unissued capital of the Company, and without the prior approval of the members of the Company in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed in this prospectus, there has been no alteration in the share capital of the Company since its incorporation.

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## **Written resolutions of the sole shareholder of the Company passed on 22nd June, 2001**

Pursuant to the written resolutions of the sole shareholder of the Company passed on 22nd June, 2001:

- (a) the authorised share capital of the Company was increased from HK\$380,000 to HK\$500,000,000 by the creation of an additional 9,992,400,000 Shares;
- (b) in consideration for the acquisition by the Company of 10,000 shares of US\$1.00 each in the share capital of Goldigit Limited, representing the entire issued share capital of Goldigit Limited, the Directors were authorised to (i) allot and issue an aggregate of 99,998 Shares, credited as fully paid, to Best Today (at the direction of Mr. Lao Seng Peng) as to 85,998 Shares, Mr. Li Lai Ming as to 5,000 Shares, Ms. Ho Ping, Tanya as to 4,500 Shares and Mr. Tsang Man Chan as to 4,500 Shares and (ii) credit as fully paid up at par, the existing 2 Shares which were issued nil-paid and held by Best Today;
- (c) conditional on the GEM Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and the Shares to be issued (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme) and the obligations of the underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by CPY International (on behalf of the Underwriters)) and not being terminated in accordance with the terms of that agreement or otherwise:

- (i) the Placing was approved and the Directors were authorised to allot and issue Shares under the Placing upon the terms set out in the Prospectus;
  - (ii) the grant of the Over-allotment Option was approved and the Directors are authorised to allot and issue any Shares which may be required to be issued if the Over-allotment Option is exercised in accordance with its terms;
  - (iii) the Share Option Scheme was approved and adopted and the Directors are authorised to grant options to subscribe for Shares thereunder, and to allot, issue and deal with Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme;
- (d) the exercise by the Directors during the Relevant Period (as defined below) of all the powers to allot, issue and deal with Shares or securities convertible into such Shares in the unissued share capital of the Company including all power of the Company to establish any agreements or grant any options to do any of the foregoing, otherwise than by way of rights issue or an issue of shares in accordance with the articles of association of the Company or pursuant to the exercise of any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares in issue prior to the date of this resolution or pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other option scheme or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in accordance with the articles of association of the Company. Shares with an aggregate nominal value not exceeding the sum of 20 per cent. of the aggregate of (i) the total nominal value of the share capital of the Company in issue immediately after the completion of the Placing and the Capitalisation Issue and (ii) the total nominal value of share capital of the Company which may be issued pursuant to the exercise of the Over-allotment Option, such mandate will remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing such mandate (“Relevant Period”).
- (e) the exercise by the Directors during the Relevant Period of all powers of the Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the Securities and Futures Commission in Hong Kong and the Stock Exchange, subject to and in accordance with all applicable laws and/or requirements of the GEM Listing Rules or of any other stock exchange on which the securities of the Company may be listed as amended from time to time and which is recognised by the Securities and Futures

Commission in Hong Kong and the Stock Exchange for this purpose, the aggregate nominal amount of Shares to be repurchased by the Company shall not exceed 10 per cent. of the aggregate of (i) the total nominal amount of the share capital of the Company in issue immediately following completion of the Placing and the Capitalisation Issue and (ii) the total nominal value of share capital of the Company which may be issued pursuant to the exercise of the Over-allotment Option;

- (f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition thereto of the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above provided that such extended amount shall not exceed 10 per cent. of the aggregate of (i) the total nominal value of the share capital of the Company in issue immediately following completion of the Placing and the Capitalisation Issue and (ii) the total nominal value of share capital of the Company which may be issued pursuant to the exercise of the Over-allotment Option;
- (g) conditional upon the share premium account of the Company being credited as a result of the issue of the New Shares, 1,359,760,000 Shares be allotted and issued to the holders of Shares whose names appear on the register of members of the Company as at the close of business on 22nd June, 2001 in proportion to their then existing shareholdings in the Company (or as such holder(s) may direct) and, an amount of HK\$67,988,000 standing to the credit of the share premium account of the Company be applied to pay up in full at par such Shares (the “Capitalisation Issue”); and
- (h) the Company adopt the Articles of Association.

## Corporate reorganisation

The companies comprising the Group underwent a reorganisation in preparation for the listing of the Shares on the GEM. Following the reorganisation, the Company became the holding company of the Group.

The corporate reorganisation included the following:

- (a) Pursuant to a shareholders’ resolution of Fujian Goldigit dated 21st March, 1998, the following transfers of shareholding interests in Fujian Goldigit were duly approved:

Transferor(s)	Transferee(s)	% of shareholding interests	Consideration (RMB)
Mr. Chen Li Quan	Ms. Liu Lan Hua	10%	300,000
Mr. Zheng Zi Wang	Ms. Liu Lan Hua	30%	900,000
Mr. Guo Da Jie	Ms. Liu Lan Hua	20%	600,000
Ms. Wen Ru Mei	Ms. Liu Lan Hua	20%	600,000

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- (b) On 21st March, 1998, Ms. Liu Lan Hua (as transferee) entered into 4 share transfer agreements pursuant to which each of Mr. Chen Li Quan, Mr. Zheng Zi Wang, Mr. Guo Da Jie, Ms. Wen Ru Mei (as transferors) agreed to transfer their respective shareholding interests in Fujian Goldigit (as mentioned in (a) above) to Ms. Liu Lan Hua;
- (c) On 21st March, 1998, Mr. Lao Seng Peng, the brother of Ms. Liu Lan Hua, entered into a trust agreement pursuant to which Ms. Liu Lan Hua was authorised to acquire and hold the 80% shareholding interests in Fujian Goldigit for and on behalf of Mr. Lao Seng Peng;
- (d) On 27th March, 1998, a business licence (Registration No: 15817703-3) was issued to Fujian Goldigit by the Industrial and Commercial Administration Bureau of Fujian Province;
- (e) Pursuant to a shareholders' resolution of Fujian Goldigit dated 25th September, 2000, the respective transfer of 80% and 20% shareholding interests held by Ms. Liu Lan Hua (as trustee for the benefit of Mr. Lao Seng Peng) and Mr. Chen Li Quan in Fujian Goldigit to Goldigit Limited at the respective consideration of RMB2,400,000 and RMB600,000 were duly approved;
- (f) On 25th September, 2000, a share transfer contract was entered into between Ms. Liu Lan Hua (as trustee for the benefit of Mr. Lao Seng Peng) and Mr. Chen Li Quan (together with Ms. Liu Lan Hun, the transferors) and Goldigit Limited (as transferee) pursuant to which the transferors agreed to transfer their respective shareholding interests in Fujian Goldigit (representing the entire interests in the registered capital of Fujian Goldigit) to Goldigit Limited at the respective consideration of RMB2,400,000 and RMB600,000;
- (g) On 29th September, 2000, an approval was issued by the Foreign Trade Economic Cooperation Committee of Fujian Province (Man Wei Jing Mao Zhe Zhi 2000 No 061) approving the establishment of Fujian Goldigit as a wholly foreign-owned enterprise with a total authorised and registered capital of HK\$3,000,000;
- (h) On 18th October, 2000, a certificate of approval was issued by the People's Government of Fujian Province (Approval No: Wai Jing Mao Min Zi 2000 No K0045) to Fujian Goldigit;
- (i) On 8th December, 2000, a business licence (Registration No: Qi Du Min Zong Zi No 003920) was issued to Fujian Goldigit by the State Industrial and Commerce Administration Bureau;
- (j) On 7th December, 2000, an approval was issued by the Foreign Trade Economic Committee of Fujian Province (Min Wai Jing Mao 2000 No 432) pursuant to which Fujian Goldigit was approved to set up a board of directors comprising of 5 members including 1 chairman;
- (k) On 18th September, 2000, Ms. Lam Yuk Ying, transferred her 1 share of US\$1.00 each held in the share capital of Goldigit Limited at par to Mr. Lao Seng Peng;

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- (l) On 18th September, 2000, 9,999 shares of US\$1.00 each in the share capital of Goldigit Limited was allotted and issued at par to Mr. Lao Seng Peng;
- (m) On 28th December, 2000, Mr. Lao Seng Peng transferred 500 shares and 450 shares of US\$1.00 each held in the share capital of Goldigit Limited to Mr. Li Lai Ming and Ms. Ho Ping, Tanya at a consideration of HK\$17,500,000 and HK\$15,750,000 respectively;
- (n) On 9th February, 2001, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each upon which 1 share of HK\$0.10 was allotted and issued nil paid to Codan Trust Company (Cayman) Limited as subscriber;
- (o) On 15th February, 2001, Mr. Lao Seng Peng transferred 450 shares of US\$1.00 each in the share capital of Goldigit Limited to Mr. Tsang Man Chan at a consideration of HK\$15,750,000;
- (p) On 16th March, 2001, the 1 nil-paid share of HK\$0.10 in the capital of the Company issued to Codan Trust Company (Cayman) Limited was transferred to Mr. Lao Seng Peng;
- (q) On 20th June, 2001, Mr. Lao Seng Peng transferred the 1 nil-paid share of HK\$0.10 in the capital of the Company to Best Today at a nominal consideration of HK\$0.01;
- (r) On 21st June, 2001, the Subdivision took place and the authorised share capital of the Company was changed to HK\$380,000 divided into 7,600,000 Shares of HK\$0.05 each and the issued share capital of the Company was HK\$0.10 divided into 2 Shares of HK\$0.05 each issued nil paid and held by Best Today;
- (s) On 22nd June, 2001, the authorised share capital of the Company was increased from HK\$380,000 to HK\$500,000,000 by the creation of an additional of 9,992,400,000 Shares; and
- (t) On 22nd June, 2001, the Company acquired the entire issued share capital of Goldigit Limited in consideration of (i) the issue of an aggregate of 99,998 Shares, credited as fully paid, to Best Today (at the direction of Mr. Lao Seng Peng) as to 85,998 Shares, Mr. Li Lai Ming as to 5,000 Shares, Ms. Ho Ping, Tanya, as to 4,500 Shares and Mr. Tsang Man Chan as to 4,500 Shares, and (ii) the crediting as fully paid at par the existing 2 Shares issued nil paid and held by Best Today.

## **Changes in share capital of subsidiaries**

The Company's subsidiaries are referred to in the accountants' report, the text of which is set out in appendix I to this prospectus.

- (A) The following alterations have taken place in the share capital of Goldigit Limited within the two years preceding the date of this prospectus:
  - (a) on 18th April, 2000, Goldigit Limited was incorporated with an authorised share capital of US\$50,000 shares of US\$1.00 each, of which 1 share was allotted and issued to Ms. Lam Yuk Ying on 4th September, 2000;
  - (b) on 18th September, 2000 Lam Yuk Ying transferred her 1 share of US\$1.00 each in the share capital of Goldigit Limited to Mr. Lao Seng Peng; and
  - (c) on 18th September, 2000, 9,999 shares of US\$1.00 each in the share capital of Goldigit Limited were allotted and issued to Mr. Lao Seng Peng.
  
- (B) As mentioned in the section headed "Corporate reorganisation" in this appendix, the following alteration took place in the share capital of Fujian Goldigit within two years preceding the date of this prospectus:
  - (a) pursuant to an approval issued by the Foreign Trade Economic Committee dated 29th September, 2000, the total authorised and registered capital of Fujian Goldigit was changed to HK\$3,000,000.

Save as disclosed in the paragraphs headed "Changes in share capital of the Company" and "Corporate reorganisation" of this appendix, there has been no alteration in the share capital of the Company's subsidiaries within the two years immediately preceding the date of this prospectus.

## **REPURCHASE BY THE COMPANY OF ITS OWN SECURITIES**

This section includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

### **(a) The GEM Listing Rules**

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

#### *(i) Shareholders' approval*

All repurchases of securities on the GEM by a company with its primary listing on the GEM must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transaction.

*Note:* Pursuant to the written resolution of the sole shareholder of the Company passed on 22nd June, 2001, a general unconditional mandate was given to the Directors authorising any repurchase by the Company of Shares on the GEM or on any other stock exchange recognised by the Securities and Futures Commission in Hong Kong and the Stock Exchange of up to 10 per cent. of the total nominal value of the share capital of the Company in issue immediately after completion of the Placing, the Capitalisation Issue and exercise of the Over-allotment Option (if applicable), at any time until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Law or any other applicable laws of the Cayman Islands to be held or the passing of an ordinary resolution of shareholders of the Company in general meeting revoking, varying or renewing such mandate, whichever occurs first (“Buyback Mandate”).

(ii) *Source of funds*

Any repurchases must be financed out of funds legally available for the purpose in accordance with the memorandum of association and articles of association of the Company and the applicable laws of the Cayman Islands.

(iii) *Trading restrictions*

A company is authorised to repurchase on the GEM or on any other stock exchange recognised by the Securities and Futures Commission in Hong Kong and the Stock Exchange the total number of shares which represent up to a maximum of 10 per cent. of the aggregate nominal value of the existing issued share capital of that company. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the GEM or otherwise (except pursuant to the exercise of warrants share options or similar instruments requiring the Company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange.

(iv) *Connected parties*

Under the GEM Listing Rules, a company shall not knowingly repurchase shares from a connected person (as defined under the GEM Listing Rules) and a connected person shall not knowingly sell his shares to the Company. As at the Latest Practicable Date and to the best of the knowledge of the Directors, having made all reasonable enquires, none of the Directors or their associates (as defined under the GEM Listing Rules) has a present intention to sell Shares to the Company.

**(b) Exercise of the Buyback Mandate**

Exercise in full of the Buyback Mandate, on the basis of 1,699,860,000 Shares in issue immediately after listing of the Shares (taking no account of any Shares which may be issued upon the exercise Over-allotment Option), could accordingly result in up to 169,986,000 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Law or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the repurchase mandate by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first.



**(c) Reasons for repurchases**

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

**(d) Funding of repurchases**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and articles of association and the applicable laws and regulations of the Cayman Islands. The Company may not purchase securities on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

**(e) General**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this prospectus) in the event that the Buyback Mandate is exercised in full. However, the Directors do not propose to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the GEM Listing Rules, the memorandum of association and articles of association of the Company and the applicable laws of the Cayman Islands.

No connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so.

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder, or a group of shareholders acting in concert (as defined in the Code), depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code.

## FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

### Summary of material contracts

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

- (a) a technology transfer agreement (in Chinese) dated 3rd June, 2000 and entered into between Harbin Institute of Technology《哈爾濱工業大學》as transferor and Fujian Goldigit as transferee whereby Harbin Institute of Technology agreed to transfer the knowledge and technology of 8% buprofezin and the related rights to apply for patent to Fujian Goldigit at a consideration of RMB8 million;
- (b) a lease contract (in Chinese) dated 25th July, 2000 and entered into between Fujian Goldigit as tenant and《福建省廣源聯合發展公司》as landlord pursuant to which the landlord agrees to lease the property situated at 福州市古樓區西環北路10號廣源大廈七層(整層)五層(單側) to the tenant for a term of 10 years commencing from 1st August, 2000 to 31st July, 2010 at an annual rental of RMB105,600 and an annual management fee of RMB10,560;
- (c) a share transfer agreement dated 25th September, 2000 and entered into between Ms. Liu Lan Hua (劉蘭花) and Mr. Chen Li Quan (陳利銓) as transferors and Goldigit Limited as transferee pursuant to which Ms. Liu Lan Hua (劉蘭花) and Mr. Chen Li Quan (陳利銓) agreed to transfer their respective 80% and 20% shareholding interests in Fujian Goldigit to Goldigit Limited at a consideration of RMB2,400,000 and RMB600,000 respectively;
- (d) a co-operative agreement (in Chinese) dated 25th November, 2000 and entered into between Fujian Goldigit and Harbin Institute of Technology《哈爾濱工業大學》pursuant to which Fujian Goldigit and Harbin Institute of Technology shall co-operate in relation to the development of new pesticide products;
- (e) a memorandum (in Chinese) dated 15th January, 2001 and entered into between Fujian Goldigit and Harbin Institute of Technology《哈爾濱工業大學》regarding the ownership of the results of the research on「防治稻水象甲農藥劑型」and other pesticide products, the patent rights and technology rights relating thereto;
- (f) a lease contract (in Chinese) dated 25th February, 2001 and entered into between Fujian Goldigit as tenant and《上海大眾汽車福州特約維修站》as landlord pursuant to which the landlord agrees to lease a godown situated at 福州市鼓樓區銅盤路388號 to the tenant for a term of 10 months commencing from 1st March, 2001 to 31st December, 2001 at a monthly rental of RMB1,600;
- (g) a tenancy agreement dated 26th March, 2001 and entered into between Jetory Limited as the landlord and Goldigit Limited as the tenant pursuant to which the landlord agrees to lease the property at office 908, 9th Floor of K. Wah Centre, No. 191, Java Road, Hong Kong to the tenant for a term of 2 years commencing from 1st April, 2001 to 31st March, 2003 at a monthly rental of HK\$26,298 (exclusive of management fees, government rate and government rent);


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- (h) a sale and purchase agreement dated 22nd June, 2001, and entered into between the Company, Mr. Lao Seng Peng, Mr. Li Lai Ming, Ms. Ho Ping, Tanya and Mr. Tsang Man Chan being the sale and purchase agreement referred to in the paragraph headed “Corporate reorganisation” in this appendix;
- (i) a deed of indemnity dated 22nd June, 2001 executed by each of the executive Directors, Best Today, Mr. Li Lai Ming, Ms. Ho Ping, Tanya and Mr. Tsang Man Chan in favour of the Company (and its subsidiaries) containing the indemnities as referred to in the paragraph headed “Estate duty, tax and other indemnities” in this appendix; and
- (j) the Underwriting Agreement.







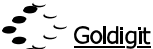
## Intellectual property

### Trademarks

- (a) As at the Latest Practicable Date, the Group has been granted the right to use the following trademark:

Trademark	Country of Registration	Application No./ Serial No.	Filing Date	Expiry Date
	PRC	267967	10th November, 1996	10th November, 1996 to 9th November, 2006

- (b) As at the Latest Practicable Date, the Group had applied for the registration of the following trademarks:

Trademark	Country of Registration	Class	Application No./ Serial No.	Filing Date
	PRC	35	W200218	26th October, 2000
	PRC	42	W200324	3rd January, 2001
	PRC	05	W200323	3rd January, 2001
	PRC	05	W200346	14th February, 2001
	Hong Kong	05	200109424	13th June, 2001
	Hong Kong	35	200109426	13th June, 2001
	Hong Kong	16	200109425	13th June, 2001

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## Notes:

- (1) All trademark applications are subject to the International Classification of Goods and Services (Nice Classification). The main goods and services covered by the applications set out above are as follows:

Class 5	–	This class covers pesticides products
Class 16	–	This class covers paper, cardboard and goods made from these materials, printed matter and publications, stationery posters, trading cards
Class 35	–	This class covers retailing, wholesaling and distributorship of pesticides
Class 42	–	This class covers plant protection products

- (2) The descriptions of goods and services covered by the applications in different countries may vary according to the trademark practices in different countries. The specifications of goods and services set out under Note (1) above should not be viewed as the exact descriptions of goods and services covered by all applications in all countries.

## Patents

As at the Latest Practicable Date, the Group had applied for the registration of the following patents:

Patent	Place of registration	Application Number	Application Date
一種能使農葯以分子狀沿水面擴散的農葯製劑	PRC	00129971.9	16th October, 2000
一種可以使某些物質分子在水面自動擴散的推進劑	PRC	01100367.7	3rd January, 2001

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## Internet domain names

As at the Latest Practicable Date, the Group is the registered owner of the domain names specified below:

Domain Name	Registration Date	Expiry Date
goldigit.com.cn	11th January, 2001	11th January, 2002
goldigit.net.cn	11th January, 2001	11th January, 2002

As at the Latest Practicable Date, the Group is the beneficial owner of the following domain names which have been registered in the name of one of the Group's senior management staff (please refer to the paragraph headed "Internet domain names" in the section headed "General overview of the Group" on page 73 of this prospectus):

Domain Name	Registration Date	Expiry Date
goldigit.com	16th September, 2000	16th September, 2001
goldigit-online.com	27th December, 2000	27th December, 2001
goldigit-chemical.com	27th December, 2000	27th December, 2001
goldigit-hi-tech.com	27th December, 2000	27th December, 2001
goldigit-agriculture.com	27th December, 2000	27th December, 2001

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## Information on the Group's PRC subsidiary – Fujian Goldigit

Fujian Goldigit is an indirect wholly-owned subsidiary of the Company, and is a wholly foreign-owned enterprise established in the PRC engaging in the manufacturing of Sha Shi Ba (殺虱霸) and the production and development of the Propulsive Agent. The following is a summary of information regarding Fujian Goldigit:

Date of establishment:	29th October, 1997
Operation term:	29th October, 1997 to 28th October, 2020
Registered capital (fully paid up):	HK\$3,000,000
Legal representative:	Lao Seng Peng

## Further information about Directors, senior management and staff

### Directors

#### Disclosure of interests

Immediately following completion of the Placing and Capitalisation Issue, the following Director has beneficial interests in the share capital of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which will have to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which they are taken or deemed to have under section 31 of, or Part 1 of the Schedule to, the SDI Ordinance) once the Shares are listed, or will be required, pursuant to section 29 of the SDI Ordinance, to be entered in the register required to be kept therein once the Shares are listed, or will be required pursuant to rules 5.40 to 5.59 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange once the Shares are listed:

(i) Interest in the Company

Name	Personal interest	Family interest	Corporate interest	Other interests	Total
Mr. Lao Seng Peng	-	-	1,169,479,600 (note)	-	1,169,479,600

*note:* These Shares are held by Best Today, a company incorporated in the BVI and wholly owned by Mr. Lao Seng Peng.

(ii) Interest in associated corporations

Name	Name of Company	type of interest	description of interest
Mr. Lao Seng Peng	Best Today	personal	1 share of US\$1.00 each representing 100% of its issued share capital

## **Particulars of Service Contracts**

Each of the executive Directors has entered into a service contract with the Company. Particulars of these contracts, except as indicated, are in all material respects identical and are set out below:

Each service contract is of an initial term of three years commencing from 22nd June, 2001, and may continue thereafter until terminated by not less than six months' prior notice in writing served by either party on the other, which notice period shall not expire at any time during the first year. Each of the executive Director is entitled to the respective basic salaries set out below (subject to an annual increment at a rate of not more than 15 per cent. of his/her annual salary immediately prior to such increase to be determined from time to time by the Board). In addition, each of the executive Directors is also entitled to a discretionary annual bonus of a sum to be determined at the discretion of the Board provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 6% of the audited consolidated net profit of the Company after taxation and minority interest but before extraordinary and exceptional items in respect of that financial year of the Company. The executive Directors' entitlement to the discretionary annual bonus in respect of any financial year shall only be payable when the audited consolidated net profit of the Group after taxation and minority interest but before extraordinary and exceptional items and before payment of the total discretionary bonus payable to all the executive Directors for such year exceeds HK\$60,000,000. The amount of the annual salary increase and the bonus payable under such service contracts is at the sole discretion of the board of Directors provided that the respective party to such service contracts may not vote or be counted in the quorum in respect of any such determination of the board of Directors in relation to him or her. Each of the Directors will also be entitled to all reasonable out-of-pocket expenses and medical expenses.

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

<b>Name</b>	<b>Amount</b>
Mr. Lao Seng Peng	HK\$390,000
Mr. Cai Wei Min	HK\$390,000
Mr. Yuen Leong	HK\$390,000

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

## **Directors' remuneration**

- (a) An aggregate of approximately HK\$24,000 was paid to the Directors as remuneration for the year ended 31st December, 2000. Further information in respect of the Directors' remuneration is set out in appendix I to this prospectus.
- (b) It is expected that an aggregate sum of approximately HK\$779,000 will be paid to the Directors as remuneration by the Group in respect of the year ending 31st December, 2001 pursuant to the present arrangement in force and under previous arrangement in 2001.

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- (c) No discretionary or performance bonus was paid to the directors for the two years ended 31st December, 2000.
- (d) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the two years ended 31st December, 2000 (i) as an inducement to join or upon joining the Company or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.
- (e) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two years ended 31st December, 2000.

## Agency fees or commissions received

The Underwriters will receive a commission of 3.5 per cent. of the aggregate Issue Price of all the Placing Shares underwritten by them (including Shares to be issued under the Over-allotment Option), out of which they will pay any sub-underwriting commissions. CPY will also receive a financial and advisory fee and a documentation fee and be reimbursed for its expenses. Such commission (other than relating to Over-allotment Shares), financial and advisory fee, documentation fee and expenses, together with the Stock Exchange listing fees, legal and other professional fees, printing and other expenses relating to the Placing, which are estimated to amount in aggregate to approximately HK\$15 million, will be payable by the Company as to 80% and by the Vendors as to 20% to be shared among them equally. Any underwriting commissions and expenses relating to the Over-allotment Shares will be borne solely by the Company.

## Substantial Shareholders

So far as the Directors are aware, after the Capitalisation Issue and the Placing and assuming that the Over-allotment Option is not exercised, and taking no account of the Shares which may be taken up under the Placing, the only persons (not being Directors or chief executive of the Company) directly or indirectly interested in 10 per cent. or more of the voting power at any general meeting of the Company will be:

Name	Number of Shares after the Capitalisation Issue and the Placing	Approximate percentage of issued share capital	
		Before the Capitalisation Issue and the Placing assuming that the Over-allotment Option is not exercised %	After the Capitalisation Issue and the Placing assuming that the Over-allotment Option is not exercised %
Best Today	1,169,479,600	86.00	68.80

## Related party transactions

The Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 23 of the accountants' report set out in appendix I to this prospectus.

Mr. Lam Ming Yung, an independent non-executive Director, is also a senior legal consultant of the Hong Kong office of Sidley Austin Brown & Wood, the legal adviser to the Company for the Placing as mentioned in this prospectus. Sidley Austin Brown & Wood will be receiving normal professional fees for services rendered in connection therewith.

## Disclaimers

Save as disclosed herein:

- (a) none of the Directors or chief executive has for the purposes of section 28 of the SDI Ordinance, nor is any of them taken to or deemed to have under section 31 of, or Part 1 of the Schedule to, the SDI Ordinance, any interests in the securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) or any interests which will have to be entered in the register to be kept by the Company pursuant to section 29 of the SDI Ordinance or pursuant to rules 5.40 to 5.59 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange once such securities are listed on the Stock Exchange;
- (b) none of the Directors nor any of the persons whose names are listed in the subparagraph headed "Consent of experts" under the paragraph headed "Other information" in this appendix is interested in the promotion of the Company or in any assets which have within the two years immediately preceding the issue of this prospectus been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (c) none of the Directors nor any of the persons whose names are listed in the paragraph headed "Consents of experts" under the paragraph headed "Other Information" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group;
- (d) none of the persons whose names are listed in the paragraph headed "Consents of experts" under the paragraph headed "Other information" in this appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (e) none of the Directors has entered or has proposed to enter into any service agreements with the Company or any members of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);



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- (f) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Placing or any related transaction as mentioned in this prospectus; and
- (g) so far as is known to the Directors, none of the Directors, their respective associates (as defined in the GEM Listing Rules) or shareholders of the Company who are interested in 5 per cent. or more of the issued share capital of the Company have any interests in the five largest customers or suppliers of the Group.

## **Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by a written resolution of the sole shareholder of the Company passed on 22nd June, 2001:

(a) *Who may join*

The board of Directors (“Board”) may, at its discretion, invite any full-time employee including any executive director of any company in the Group (“Eligible Persons”) to take up options to subscribe for Shares at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

(b) *Administration*

- (i) The scheme shall be subject to the administration of a committee who shall comprise of not less than two persons and shall include all the independent non-executive directors (the “Committee”). Subject to the foregoing, the Board may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed, may fill vacancies in the Committee and may remove members of the committee. The Committee shall select one of its members as its chairman and shall hold its meetings at such times and places as it shall deem advisable. A majority of its members shall constitute a quorum and all determinations shall be made by a majority of such quorum. Any determination reduced to writing and signed by all of the members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held.
- (ii) The Committee shall have full power and discretionary authority to grant to Eligible Persons Options under the Scheme, to determine the terms and conditions (which need not be identical) of all options so granted, to interpret and construe the provisions of the Scheme and any agreements relating to options granted under the Scheme and any doubtful or disputed terms, to determine the eligibility of a person for benefits and the amount of benefits payable to an Eligible Person, and to supervise the administration of the Scheme. The Committee in granting an option may provide for the granting or issuance of additional or replacement options upon the occurrence of specified events, including the exercise of the original option. The Committee shall have sole authority in the selection of persons to whom options may be granted under the

Scheme and in the determination of the timing and amount of any such option, subject only to the express provisions of the Scheme. In making determinations hereunder, the Committee may take into account the nature of the services rendered by the respective employees, their present and potential contributions to the success of the Company and its subsidiaries and such other factors as the Committee in its discretion deems relevant.

- (iii) The Committee is authorised, subject to the provisions of the Scheme, to establish, amend and rescind such rules and regulations as it deems necessary or advisable for the proper administration of the Scheme and to take such other action in connection with or in relation to the Scheme as it deems necessary or advisable. Each action and determination made or taken pursuant to the Committee, including any interpretation or construction of the Scheme, shall be final and conclusive for all purposes and upon all persons. No member of the Committee shall be liable for any action or determination made or taken by him or the Committee in good faith with respect to the Scheme.

(c) *Grant of option*

- (i) On and subject to the terms of the Share Option Scheme, the Committee shall be entitled at any time and from time to time within 10 years from 22nd June, 2001 to offer to any Eligible Person as the Committee may in its absolute discretion select, and subject to such conditions as the Committee may think fit (including without limitation, prescribing any vesting period for an option), an option to subscribe for such number of Shares as the Committee may determine at the subscription price in accordance with paragraph (e) below.
- (ii) Any grant of options must not be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the requirements of the GEM Listing Rules. In particular, during the period of one month immediately preceding the preliminary announcement of annual results or the publication of interim results, no options should be granted until such information has been announced pursuant to the requirements of the GEM Listing Rules.

(d) *Payment on acceptance of option offer*

HK\$1.00 is payable by the Eligible Person to the Company on acceptance of the option offer.

(e) *Price of Shares*

The subscription price for the Shares subject to options granted under Share Option Scheme will be a price determined by the Committee and notified to the relevant grantee and will be the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant on which there were dealings in the Shares on the Stock Exchange; and (iii) the nominal value of a Share.

(f) *Maximum number of Shares*

- (i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall represent 10 per cent. of the Company's issued share capital for a specified period of 10 consecutive years (the "10 year period") and shall not, when aggregated with any Shares subject to any other schemes of the Company, exceed 10 per cent. of the issued share capital of the Company for the 10 year period (excluding (1) Shares issued upon the exercise of an option granted pursuant to the Scheme and (2) any pro rata entitlements to further Shares issued in respect of those Shares mentioned in (1)).
- (ii) No Eligible Person shall be granted an option which, if exercised in full, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued under all the options previously granted to him which have been exercised and issuable under all the options previously granted to him which are for the time being subsisting and unexercised, would exceed 25 per cent. of the aggregate number of Shares for the time being issued and issuable under the Share Option Scheme ("25 per cent. Limit"). Notwithstanding any other provisions of the Share Option Scheme, the 25 per cent. Limit shall always prevail and be applicable.
- (iii) 1. The initial total number of Shares to be issued pursuant to the exercise of any Option under the Share Option Scheme and any other schemes, must not in aggregate, exceed 10 per cent. of the issued share capital of the Company as at the date of commencement of dealings in the Shares on the GEM;
2. the Company may seek approval by the Shareholders in general meetings to refresh the 10 per cent. limit mentioned in (1) above provided that the total number of Shares to be issued pursuant to the exercise of any Option under the Share Option Scheme and any other schemes in these circumstances must not exceed 10 per cent. of the issued share capital of the Company from time to time; and
3. subject to approval of the Stock Exchange and any waiver granted by the Stock Exchange, the Company may seek separate Shareholders' approval in general meeting to grant options beyond the 10 per cent. limit provided that (a) the total number of Shares subject to the Scheme and any other schemes does not in aggregate exceed 30 per cent. of the total issued Share capital of the Company and (b) the options in excess of the 10 per cent. limit are only granted to persons as specified by the Company for which such approval is sought.

(g) *Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee provided that the period within which the option must be exercised shall not be less than 3 years and not more than 10 years from the date of the grant of option.

(h) *Rights are personal to grantee*

An option shall be personal to the relevant grantee and shall not be transferred or assigned and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option.

(i) *Rights on death*

If the grantee of an option dies before exercising the option in full and none of the events which would be a ground for termination of his or her employment arises, his or her personal representative(s) may exercise the option in full (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death or such longer period as the Committee may determine, failing which the option will lapse.

(j) *Changes in capital structure*

If there is any alteration in the capital structure of the Company while any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party) or otherwise, such corresponding alterations (if any) shall be made in:

- (i) the number of Shares (without fractional entitlements) subject to the Option so far as unexercised; and/or
- (ii) the subscription price. Except alterations made on a capitalisation issue, any alteration to the number of Shares subject to the option and the subscription price of the option shall be conditional on the auditors of the Company confirming in writing to the Board that the alteration made is on the basis that the proportion of the issued share capital of the Company to which a grantee is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. No such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any option in full being increased. The capacity of the auditors is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the grantees of Options. The costs of the auditors in so certifying shall be borne by the Company.

(k) *Rights on take-over*

If an offer has been made to acquire all or part of the issued Shares, or all or part of the issued Shares other than those held by the offeror and any persons acting in concert with the offeror, and the Company becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Company in respect of issued Shares has or will become vested in the offeror and/or any such persons, the Company shall give written notice to all grantees of Options of such vesting as soon as reasonably practicable after becoming so aware. Each grantee may by notice in writing to

the Company within 21 days of the date of such notice exercise his or her option to its full extent or to the extent specified in such notice. For the purposes of this sub-paragraph, “acting in concert” shall mean persons who, pursuant to an agreement or understanding, actively co-operate to obtain a holding, or aggregate holdings, or more than 50 per cent. of the issued Shares.

(1) *Rights on a compromise or arrangement*

- (i) If an application is made to the court (otherwise than where the Company is being voluntarily wound up), pursuant to the Companies Law or the Companies Ordinance, in connection with a proposed compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), a grantee may by notice in writing to the Company, within the period of 21 days after the date of such application, exercise his or her Option to its full extent or to the extent specified in such notice. Upon the compromise or arrangement becoming effective, all options shall lapse except insofar as exercised. Notice of the application referred to herein and the effect thereof shall be given by the Company to all grantees of Options as soon as practicable.
- (ii) In the event of a notice being given by the Company to its members to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company when the Company is solvent, the Company shall on the day of such notice to each member of the Company or as soon as practicable, give notice thereof to all grantees. Thereupon each grantee (or where permitted his legal personal representatives) shall be entitled to exercise all or any of his or her Options at any time no later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the relevant grantee credited as fully paid.
- (iii) In the event of a reorganisation or proposed reorganisation of the Company, at its discretion, may do either of the following:
  - (1) the Company may irrevocably commute for or into any other security or other property or cash any option that is still capable of being exercised, upon giving to the relevant grantee to whom such option has been granted at least 21 days written notice of its intention to commute the option, and during such period of notice, the option, to the extent that it has not been exercised, may be exercised by the relevant grantee by notice in writing to the Company to its full extent or to the extent specified in such notice and on the expiry of such period of notice, the unexercised portion of the option shall lapse and be cancelled; or
  - (2) the Company or any company which is or would be the successor to the Company or which may issue securities in exchange for Shares upon the

reorganisation becoming effective, may offer any grantee the opportunity to obtain a new or replacement option over any securities into which the Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Shares under the option. In such event, the grantees shall, if the grantees accept such offer, be deemed to have released such option over Shares and such option shall be deemed to have lapsed.

- (iv) Reorganisation means any (1) compromise or arrangement, or (2) offer for shares of the Company which if successful would entitle the offeror to acquire all of the Shares of the Company or all of one or more particular class(es) of shares of the Company to which the offer relates. Sub-paragraphs (iii) (1) and (2) above are intended to be permissive and may be utilised independently or successively in combination or otherwise and nothing therein contained shall be construed as limiting, or affecting the ability of the Company to deal with options in any other manner.

(m) *Lapse of option*

An option shall lapse forthwith (to the extent not already exercised) on the earliest of:

- (i) the relevant option period of the option has expired;
- (ii) the first anniversary of the death of the relevant grantee;
- (iii) the date on which the Group terminates the employment of the relevant grantee on the ground that such grantee commits an act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of the Board to the effect that the employment of such a person has or has not been terminated on one or more of the grounds specified in this sub-paragraph shall be conclusive;
- (iv) three months from the date of the optionee ceasing to be a relevant grantee by reason of:
  - (1) his or her retirement on or after attaining normal retirement age or, with the express consent of the Board in writing for the purpose of this sub-paragraph, at a younger age;
  - (2) ill health or disability recognised as such expressly by the Board in writing for the purpose of this sub-paragraph;
  - (3) the Company by which he or she is employed and/or of which he or she is a director (if not the Company) ceasing to be a subsidiary;
  - (4) expiry of his or her employment contract with the Company or a subsidiary and such contract is not immediately extended or renewed; or

- (5) at the discretion of the Board, any reason other than death or the reasons described in this sub-paragraph (iii) or (iv)(1) to (4).
- (v) the expiry of any period referred to in paragraph (j) above, provided that:
  - (1) (in the case of paragraph (k)) the offeror may exercise any options tendered in acceptance of its offer within six months of the closing date of such offer;
  - (2) (in the case of paragraph (l)(i)) all options granted shall lapse upon the proposed compromise or arrangement becoming effective; and
- (vi) the date the relevant grantee commits any breach of the provisions of paragraph (h).
- (n) *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will be subject to the Company's articles of association for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of exercise of the option including in respect of those rights arising on a liquidation of the Company.

- (o) *Cancellation of options granted*

Any cancellation of options granted but not exercised must be approved by shareholders of the Company (and also by shareholders of any holding company which is listed on the GEM and the main board of the Stock Exchange) in general meeting, with the grantees their associates abstaining from voting. Any vote taken at the meeting to approve such cancellation must be taken by poll.

- (p) *Period of Share Option Scheme*

The Share Option Scheme will remain valid for a period of 10 years commencing on 22nd June, 2001 after which period no further options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

- (q) *Alteration to Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the scheme relating to matters contained in rule 23.03 of the GEM Listing Rules shall not be altered to extend the class of persons eligible for the grant of options or to the advantage of grantees or prospective grantees except with the prior approval of the shareholders of the Company in general meeting (with grantees and their associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Company's shareholders under the Company's articles of association for the time being for a variation of the rights attached to the Shares.

Any alteration to the terms and conditions of Share Option Scheme, which are of a material nature, must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(r) *Grant of options to connected persons, Directors or any of their associates*

Where options are proposed to be granted to a connected person, the proposed grant must be approved by all independent non-executive directors of the Company.

Where options are proposed to be granted to a connected person, who is also a Substantial Shareholder of the Company or any of his respective associates, and the proposed grant of Options, when aggregated with the options already granted to such connected person in the past 12 month period, would entitle that person to receive more than 0.1 per cent. of the total issued shares of the Company for the time being and the value of which is in excess of HK\$5 million, then the proposed grant must be subject to the approval of shareholders in general meetings. Apart from the connected person involved, all other connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant). A shareholders' circular must be prepared by the Company explaining the proposed grant, disclosing the number and terms of the options to be granted and containing a recommendation from the independent directors on whether or not to vote in favour of the proposed grant.

The maximum entitlement of each individual Eligible Person in these circumstances must not exceed 25 per cent. of the aggregate of all Shares subject to the Share Option Scheme and any other scheme.

(s) *Conditions of Share Option Scheme*

The Share Option Scheme is conditional on (i) the GEM Listing Committee of the Stock Exchange granting approval of the Share Option Scheme and any options which may be granted thereunder and the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of options granted under Share Option Scheme; and (ii) Share Option Scheme being approved by the shareholder(s) of the Company.

As at the Latest Practicable Date, no options have been granted or agreed to be granted by the Company under the Share Option Scheme.

Application has been made to the Stock Exchange for the approval of the Share Option Scheme, the subsequent granting of options under Share Option Scheme and listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of options granted under Share Option Scheme.



## **OTHER INFORMATION**

### **Estate duty, tax and other indemnities**

Each of the executive Directors, the Initial Management Shareholders, Mr. Li Lai Ming, Ms. Ho Ping, Tanya and Mr. Tsang Man Chan (together, the “Indemnifiers”) have entered into a deed of taxation indemnity with and in favour of the Company (for itself and as trustee for its subsidiaries) (being material contract (i) as referred to in the paragraph headed “Summary of material contracts” in this appendix) to provide indemnities on a joint and several basis in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of the Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance of the Laws of Hong Kong) to any member of the Group on or before the date on which the Placing becomes unconditional. The Indemnifiers have also given indemnities to the Group on a joint and several basis 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 the date on which the Placing becomes unconditional. The Indemnifiers will have no liability as aforesaid under the following situations:

- (a) to the extent that provision has been made for such Taxation (as defined therein) in the audited accounts of the Company and its subsidiaries as at 31st December, 2000 and for the 3 months ended 31st March, 2001;
- (b) where such liability has arisen as a result of any act or omission by any member of the Group (whether alone or in conjunction with some other act, omission or transaction whenever occurring) voluntarily effected without the consent of the Indemnifiers otherwise than in the ordinary course of business after 31st March, 2001;
- (c) for which any member of the Group is liable as a result of any transaction entered into by it in the ordinary course of business after 31st March, 2001;
- (d) to the extent that such Taxation Claim (as defined therein) arises or is incurred as a result of the imposition of Taxation (as defined therein) as a consequence of any retrospective change in the law or practice coming into force after the Effective Date (as defined therein) or to the extent that such claim arises or is increased by an increase in rates of Taxation (as defined therein) after such date with retrospective effect;
- (e) to the extent of any provision or reserve made for Taxation (as defined therein) in the audited accounts of the Company as at 31st December, 2000 and for the 3 months ended 31st March, 2001 which is finally established to be an over-provision or any excessive reserve then the Indemnifiers’ liability (if any) in respect of Taxation (as defined therein) shall be reduced by an amount not exceeding such over-provision or excessive reserve provided that the amount of any such provision or reserve applied pursuant to this sub-paragraph to reduce the Indemnifiers liability in respect of such Taxation (as defined therein) shall not be available in respect of any such liability arising thereafter in which event the Indemnifiers shall be obliged to indemnify each member of the Group companies against any liability, loss or damage arising from such liability; and
- (f) penalty is imposed on the Group companies or any member of the Group under section 42 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) by reason of the relevant company defaulting in any obligation to give information to the Commissioner of Estate Duty under section 42(1) of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong).

# APPENDIX V STATUTORY AND GENERAL INFORMATION

The Company has been advised that no material liability for estate duty is likely to fall on any member of the Group in the Cayman Islands or the British Virgin Islands or the PRC, being jurisdictions in which one or more of the companies comprising the Group are incorporated.

Under the deed of indemnity, each of the Indemnifiers has also jointly and severally undertaken to indemnify the Company and each member of the Group in respect of any liability resulting directly or indirectly from the failure of any member of the Group to maintain, on or before the Underwriting Agreement becoming unconditional, adequate insurance cover against accident, damage, injury, third party loss and other risks in respect of the products of the Group.

Under the same deed of indemnity, Mr. Lao Seng Peng has also undertaken in favour of the Company to indemnify the Group for any depletion in value of assets, costs, fees, expenses, claims, losses, liabilities and proceedings which may be incurred or suffered by any member of the Group as a result of the trust agreement in respect of the Group's interest in Fujian Goldigit being declared or determined by any PRC court or relevant government authority to be illegal, invalid or unenforceable, as more particularly referred to in the paragraph headed "Trust agreement in respect of Fujian Goldigit" in the section headed "Risk factors" in this prospectus.

## Litigation

No member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

## Sponsor

CPY has made an application on behalf of the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, and the Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme.

## Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately US\$4,000 and are payable by the Company as to 80% and by the Vendors as to 20% to be shared among them equally.

## Particulars of the Vendors

Name	Description	Address	Number of Sale Shares
Mr. Li Lai Ming	individual	Room 6, 6th Floor, Waldorf Centre 170-180 Sai Lau Kok Road Tsuen Wan, Hong Kong	30,356,000
Ms. Ho Ping, Tanya	individual	Flat B, 5th Floor, Sunshine Mansion 42-46 Fort Street, North Point Hong Kong	27,324,000
Mr. Tsang Man Chan	individual	Flat A, 8th Floor, North Portion Kam Shek Lau, 62 Shek Yam Road Kwai Chung, New Territories Hong Kong	27,320,000

# **A** PPENDIX V STATUTORY AND GENERAL INFORMATION

## **Promoters**

The promoter of the Company is Mr. Lao Seng Peng. Save as disclosed herein, within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to the promoter(s) in connection with the Placing or the related transactions described in this prospectus.

## **Qualifications of experts**

The following are the qualifications of the experts who have given opinions or advice or report which are contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
Core Pacific-Yamaichi Capital Limited	Registered investment adviser and dealer
Conyers Dill & Pearman, Cayman	Cayman Islands attorneys-at-law
Greater China Appraisal Limited	Property valuers
Trend Associates	PRC legal advisers
Jun He Law Offices	PRC legal advisers
Deloitte Touche Tohmatsu	Certified public accountants

## **Consents of experts**

Each of CPY, Conyers Dill & Pearman, Cayman, Greater China Appraisal Limited, Trend Associates, Jun He Law Offices and Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

## **Binding effect**

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

## **Miscellaneous**

- (a) Save as disclosed in this prospectus:
- (i) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no founders or management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued; and
  - (iv) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries.

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# **A** PPENDIX V STATUTORY AND GENERAL INFORMATION

- (b) There has been no material adverse change in the financial or trading position or prospects of the Group since 31st March, 2001 (being the date to which the latest audited combined financial statements of the Group were made up).
- (c) None of the experts named in the sub-paragraph head “Consents of experts” in this appendix:
  - (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
  - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.
- (d) No company within the Group is presently listed on any stock exchange or traded on any trading system.
- (e) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (f) Save as disclosed in this prospectus, none of the Directors is aware of any interruptions in the business of the Group which may have or have had a significant adverse effect on the financial position of the Group in the 24 months immediately preceding the Latest Practicable Date.