

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

The Company was incorporated in the Cayman Islands as an exempted company under the Companies Law on 1 September 2000. The Company has established a place of business in Hong Kong at Room 1810, 18th Floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong and on 20 November 2000, it was registered in Hong Kong as an overseas company in Hong Kong under Part XI of the Companies Ordinance. Mr. Lee Tiong Hock was appointed as the agent of the Company for the acceptance of service of process. As the Company was incorporated in the Cayman Islands, it operates subject to Cayman Islands law and to its constitution which comprises a memorandum of association and articles of association. A summary of various provisions of its constitution and relevant aspects of Cayman Islands company law is set out in Appendix IV to this prospectus.

2. Changes in share capital of the Company

- (A) As at the date of incorporation of the Company, its authorised share capital was HK\$390,000.00 divided into 3,900,000 Shares, of which one Share was issued and allotted, credited as fully paid, to the initial subscriber.
- (B) On 1 September 2000:—
- (i) the one issued Share held by the initial subscriber was transferred to Otto Link; and
- (ii) 1,499 Shares were allotted and issued, credited as fully paid, to Otto Link.
- (C) On 21 September 2000, 1,000 Shares were allotted and issued, credited as fully paid, as follows:—

Name of shareholder	No. of Shares
Goldwiz	552
Mr. T. Siu	348
Mr. K. F. Siu	50
Streetwise	50

- (D) On 16 January 2001, an aggregate of 7,500 Shares were allotted and issued, credited as fully paid, to Otto Link, Goldwiz, Mr. T. Siu, Mr. K. F. Siu and Streetwise as detailed below as consideration for the acquisition by the Company of and in exchange for the 1,250 shares of US\$1.00 each representing the entire issued share capital of Usualink:—

Name of shareholder	No. of Shares
Otto Link	4,500
Goldwiz ^{Note}	1,656
Mr. T. Siu ^{Note}	1,044
Mr. K. F. Siu ^{Note}	150
Streetwise ^{Note}	150

Note:

The Shares are issued and allotted by the Company to Goldwiz, Mr. T. Siu, Mr. K. F. Siu and Streetwise at the direction of United Power by way of off-setting a shareholders' loan in the sum of HK\$4,000,000 due by United Power and distribution of dividend in specie of HK\$1,233,624.40 by United Power to Goldwiz, Mr. T. Siu, Mr. K. F. Siu and Streetwise in proportion of their respective shareholding in United Power.

As at 16 January 2001, the following shareholders hold the following 10,000 Shares in the capital of the Company:—

Name of shareholder	No. of shares
Otto Link	6,000
Goldwiz	2,208
Mr. T. Siu	1,392
Mr. K. F. Siu	200
Streetwise	200

- (E) Pursuant to the resolutions passed by the shareholders of the Company on 22 January 2001:—

- (i) the Company adopted its new articles of association;
- (ii) the authorised share capital of the Company was increased from HK\$390,000.00 to HK\$100,000,000 by the creation of 996,100,000 additional Shares, such new Shares to rank pari passu in all respects with the then existing Shares;
- (iii) conditional on the same conditions as stated in the sub-section headed "Conditions of the Placing" under the section headed "Structure of the Placing" in this prospectus:—
 - (a) the Placing and the Over-allotment Option were approved and the Directors were authorised to allot and issue the Placing Shares and the Shares which may be required to be issued if the Over-allotment Option is exercised upon the terms set out in this prospectus;
 - (b) conditional on the share premium account of the Company being credited as a result of the Placing, HK\$27,999,000 of such amount was directed to

be capitalised and applied in paying up in full at par 279,990,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of the Company at the close of business on 22 January 2001 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their then shareholdings in the Company (“Capitalisation Issue”) and the Directors be authorised to give effect to the Capitalisation Issue;

- (c) conditional on the GEM Listing Committee granting approval of the Share Option Scheme and the grant of options thereunder and the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of any such options, the rules of the Share Option Scheme were approved and adopted and the Option Scheme Committee was authorised to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant thereto;
- (d) a general unconditional mandate was given to the Directors to allot, issue and deal with (otherwise than by way of rights issues, by virtue of scrip dividend schemes or other similar arrangements in accordance with the articles of association of the Company or pursuant to the exercise of any option which may be granted under the Share Option Scheme), on behalf of the Company, Shares with an aggregate nominal value not exceeding the sum of:—
 - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned in paragraphs (a) and (b) above; and
 - (bb) the aggregate nominal amount of the share capital of the Company purchased under the authority referred to in paragraph (e) below;
- (e) a general unconditional mandate was given to the Directors to exercise all the powers of and on behalf of the Company to purchase, on GEM or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, Shares with an aggregate nominal value not exceeding 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned in paragraphs (a) and (b) above.

Each of the general mandates referred to in paragraphs (d) and (e) above will remain in effect until the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held or when it is revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting, whichever is the earliest.

- (F) Assuming that the Placing becomes unconditional and the issue of Shares pursuant to the Placing and the Capitalisation Issue is made, but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, the authorised share capital of the Company will be HK\$100,000,000 divided into 1,000,000,000 Shares and the issued share capital will be HK\$35,000,000 divided into 350,000,000 Shares (each of which will be fully paid or credited as fully paid) and 650,000,000 Shares will remain unissued.

Other than pursuant to the exercise of any options which may be granted under the Share Option Scheme or pursuant to the exercise of the Over-allotment Option, 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 in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

- (G) Save as aforesaid, there has been no alteration in the share capital of the Company since its incorporation.

3. Corporate reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the corporate structure in preparation for the listing of the Shares on GEM. The reorganisation involved the following:—

- (A) On 27 November 2000, 1,240 shares of US\$1.00 each, were issued and allotted to the shareholders of Usualink for the purpose of capitalising such amount of the outstanding indebtedness owing from Usualink at that date to its shareholders as detailed below:—

Name of shareholders	Amount of outstanding capitalised indebtedness (HK\$)	Number of shares in Usualink
Otto Link	7,835,436.60	744
United Power	5,223,624.40	496

- (B) On 16 January 2001, Otto Link and United Power Investments Limited (“United Power”), being the shareholders of Usualink transferred a total of 1,250 shares of US\$1.00 each, representing the entire issued capital of the Usualink to the Company in exchange for 7,500 Shares as detailed below:—

Name of allottees	Number of shares in Usualink	Number of Shares
Otto Link	750	4,500
United Power	500	Nil
Goldwiz	<i>(Note)</i>	1,656
Mr. T. Siu	<i>(Note)</i>	1,044
Mr. K. F. Siu	<i>(Note)</i>	150
Streetwise	<i>(Note)</i>	150
	1,250	7,500

Note: The Shares are issued and allotted by the Company to Goldwiz, Mr. T. Siu, Mr. K. F. Siu and Streetwise at the direction of United Power by way of off-setting a shareholders’ loan in the sum of HK\$4,000,000 due by United Power and distribution of dividend in specie of HK\$1,233,624.40 by United Power to Goldwiz, Mr. T. Siu, Mr. K. F. Siu and Streetwise in proportion of their respective shareholding in United Power.

4. Changes in share capital of subsidiaries of the Group

- (A) The following alterations in the share capital of Techwayson Industrial have taken place within the two years preceding the date of this prospectus:—
- (i) Pursuant to a share transfer agreement dated 18 December 1999, Mr. Zeng Jiang Hua (曾江華) and Ms. Tian Li Ping (田麗萍) who were passive investors transferred their respective 20 per cent. and 10 per cent. equity interest in Techwayson Industrial to Mr. He Zhi Feng (賀志峰);
 - (ii) Pursuant to a share transfer agreement dated 6 April 2000, Dr. Sze and Mr. He Zhi Feng transferred their respective 70 per cent. and 30 per cent. equity interest in Techwayson Industrial to Usualink for a cash consideration of RMB10 million the payment of which was deferred and subsequently capitalised into shares of Usualink as mentioned in sub-paragraph (B)(ii) of this paragraph 4 below. The transfer was approved by Shenzhen Foreign Investment Bureau (深圳市外商投資局) on 30 May 2000 and the approval certificate was issued on 1 June 2000. On 6 June 2000, Techwayson Industrial was converted from a limited liability company in the PRC to a wholly foreign owned enterprise and the new business licence was issued.
- (B) In addition to those mentioned in the subsection head “Corporate reorganisation” in this Appendix, the following alterations in the share capital of Usualink have taken place within the two years preceding the date of this prospectus:—
- (i) on 17 March 2000, Usualink was incorporated with an authorised share capital of US\$50,000.00 divided into 50,000 shares of US\$1.00, of which 6 shares and 4 shares were allotted and issued to Otto Link and United Power respectively;
 - (ii) on 27 November 2000:—
 - (a) 744 shares of US\$1.00 each were allotted and issued to Otto Link by way of capitalisation of a shareholder’s loan for the amount of HK\$7,835,436.60 owing from Usualink to Otto Link; and
 - (b) 496 shares of US\$1.00 each were allotted and issued to United Power by way of capitalisation of a shareholder’s loan for the amount of HK\$5,223,624.40 owing from Usualink to United Power.

Save as aforesaid and as set out in the subsection headed “Corporate reorganisation” there has been no alteration in the share capital of the Subsidiaries of the Company within the two years preceding the date of this prospectus.

5. Repurchase by the Company of its own Shares

(A) Provisions of the GEM Listing Rules

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

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully-paid up) by a company with its primary listing on GEM must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

(ii) Source of funds

Any repurchases by a company may only be funded out of funds legally available for the purposes in accordance with its memorandum of association and articles of association and the applicable laws of the Cayman Islands. A company may not repurchase its own securities on 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.

(iii) Trading restrictions

A company is authorised to repurchase on GEM or on another stock exchange recognised for this purpose by the SFC and the Stock Exchange a total number of shares which represent up to a maximum of 10 per cent. of the existing issued share capital at the date of the passing of the ordinary resolution approving the repurchase mandate.

A company may not issue or announce a proposed issue of new shares for a period of 30 days immediately following a repurchase whether on GEM or otherwise (except pursuant to the exercise of warrants, share options or similar instruments outstanding prior to such repurchase).

In addition, the purchase price of shares purchased on GEM should not be higher than the latest or current independent bid price or the last independent sale (contract) price quoted or reported on the system (as defined in the Rules of the Stock Exchange), whichever is higher. A company shall not make the opening bid or any bid in the last 30 minutes before the close of normal trading hours as stipulated in the Rules of the Stock Exchange.

A company is also prohibited from making securities repurchases on GEM if the repurchase would result in the number of listed securities in the hands of the public falling below the relevant minimum prescribed percentage as required by the Stock Exchange.

A company shall procure that any broker appointed by it to effect the purchase of its own shares shall disclose to the Stock Exchange such information with respect to purchase made on behalf of the company as the Stock Exchange may request.

(iv) Status of repurchased securities

The listing of all securities which are repurchased by a company (whether on GEM or otherwise) is automatically cancelled and the certificates of those securities must be cancelled and destroyed as soon as reasonably practicable.

(v) Suspension or repurchases

Any repurchase of securities is prohibited after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, during the period of one month immediately preceding either the preliminary announcement of the company's annual results or the publication of the company's interim report or a quarterly report, a company may not repurchase its securities on GEM, unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit a company from making any repurchase of securities on GEM if the company has breached any of the GEM Listing Rules.

(vi) Reporting requirements

A company must report to the Stock Exchange on any repurchases of securities on GEM or otherwise not later than 9:30 a.m. (Hong Kong time) on the following business day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on GEM or otherwise), the repurchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the repurchases made during the year and the directors' reasons for making such repurchases.

The company shall make arrangements with its brokers who effect repurchases to provide the company in a timely fashion with the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) Connected parties

A company is prohibited from knowingly repurchasing securities on GEM from a "connected person", that is, a director, chief executive, substantial shareholder or management shareholder of the company or an associate of any of them (as defined in the GEM Listing Rules), and a connected person is prohibited from knowingly selling his securities to the company on GEM.

(B) *Repurchase Mandate*

Pursuant to a resolution passed by the shareholders of the Company on 22 January 2001, conditional on the same conditions as stated in the subsection headed “Conditions of the Placing” under the section headed “Structure of the Placing in this prospectus”, a general unconditional mandate (the “**Repurchase Mandate**”) has been granted to the Directors authorising the repurchases by the Company on GEM, or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10 per cent. of (a) the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned herein and (b) the aggregate nominal amount of the share capital of the Company which may be issued pursuant to the Over-allotment Option, during the period from the passing of such resolution 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 any applicable law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.

(C) *Exercise of the Repurchase Mandate*

On the basis of 360,500,000 Shares in issue immediately after the listing of the Shares and taking into account the Shares which may be allotted pursuant to the Over-allotment Option, the Directors would be authorised under the Repurchase Mandate to repurchase up to 36,050,000 Shares during the period in which the Repurchase Mandate remains in force.

(D) *Reasons for repurchases*

The Directors believe that it is in the best interest of the Company and its shareholders for the Directors to have a general authority from shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets or its earnings per Share or both.

(E) *Funding of repurchases*

Any repurchases will only be funded out of funds of the Company legally available for the purposes in accordance with its memorandum of association and articles of association and the laws of the Cayman Islands.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its latest published audited accounts) in the event that the Repurchase Mandate is exercised in full. However, the

Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(F) *Disclosure of interests*

None of the Directors and, to the best of their knowledge, having made all reasonable enquires, none of their respective associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to the Company or its subsidiaries.

No connected persons (as defined in the GEM Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the Repurchase Mandate is exercised.

(G) *Directors' undertaking*

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

(H) *Takeovers Code consequences*

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 Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

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










- (i) a sale and purchase agreement dated 16 January 2001 entered into between Otto Link, United Power and the Company, pursuant to which Otto Link and United Power agreed to sell and the Company agreed to purchase 1,250 shares of US\$1.00 each in the issued share capital of the Usualink in exchange for 7,500 Shares allotted and issued, credited as fully paid as referred to in paragraph 3(B) in the subsection headed "Corporate reorganisation" of the section headed "Further Information about the Company" in this Appendix;
- (ii) a deed dated 27 November 2000 entered into between Otto Link, United Power and Usualink relating to the capitalisation of loans to Usualink for the aggregate amount of HK\$13,059,061.00 by issuing 744 new shares of US\$1.00 each in Usualink to Otto Link and 496 new shares of US\$1.00 each in Usualink to United Power respectively;

- (iii) a transfer agreement dated 6 April 2000 entered into between Dr. Sze and Mr. He Zhi Feng as vendor and Usualink as purchaser, pursuant to which Dr. Sze and Mr. He Zhi Feng transferred their respective 70 per cent. and 30 per cent. equity interest in Techwayson Industrial to Usualink for a total cash consideration of RMB10,000,000;
- (iv) a confirmation letter dated 27 November 2000 issued by Dr. Sze, Mr. He Zhi Feng, Otto Link and United Power to Usualink, pursuant to which Dr. Sze, Mr. He Zhi Feng, Otto Link and United Power acknowledged and confirmed that (a) Dr. Sze and Mr. He Zhi Feng agreed not to demand repayment from Usualink of the purchase price of RMB10,000,000 payable under the share transfer agreement referred to in paragraph B(1)(iii) in the subsection headed “Summary of material contracts” in this Appendix and that such debt would be settled by way of capitalisation and (b) such debt payable by Usualink to Dr. Sze and Mr. He Zhi Feng was assigned to Otto Link and United Power who similarly undertook not to demand repayment of the same and that such debt would be settled by way of capitalisation;
- (v) the Underwriting Agreement;
- (vi) a deed of indemnity dated 30 January 2001 given by Otto Link, Dr. Sze, Mr. Tung, Goldwiz, Goldwiz Holdings, Mr. T. Siu, Mr. K. F. Siu and Streetwise in favour of the Company and its subsidiaries, containing, among other things, indemnities referred to in the subsection headed “Estate duty and tax indemnity” in this Appendix; and
- (vii) the sponsor agreement dated 30 January 2001 entered into between the Company and China Everbright referred to in the subsection headed “Sponsor’s agreement” in the section headed “Underwriting”.

2. Intellectual Property

(a) Trademarks

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

Trademarks	Place of registration	Class	Application number	Application date
	PRC	38	2000073757	29 May 2000
	PRC	38	2000073758	29 May 2000
	PRC	37	2000073759	29 May 2000
	PRC	9	2000073760	29 May 2000
	PRC	9	2000073761	29 May 2000
	PRC	9	2000067052	19 May 2000
	HK	9	200025857	25 November 2000
	HK	9	200025858	25 November 2000
				

Notes:

1. Items applied for registration under Class 38 of the Trade Marks Law of the PRC include television broadcasting, telecasting, cable television broadcasting, cable television, information transmission, computer terminal communication, computer auxiliary information and image transmission, information transmission equipment for hire, optical fibre communication and modem.
2. Items applied for registration under Class 37 of the Trade Marks Law of the PRC include construction information, pipelines laying and maintenance, indoor decoration and repair, indoor decoration, electrical equipment installation and repair, air-conditioning apparatus installation and repair, office machine and equipment installation, maintenance and repair, computer hardware installation, maintenance and repair and lighting equipment installation and repair.
3. Items applied for registration under Class 9 of the Trade Marks Law of the PRC include boiler control instruments, manometers, electrical measuring instrument, complete sets of electric inspecting apparatus, electric regulating apparatus, electric convertors, distribution consoles (electricity), control panels (electricity), machinery apparatus for computer operating instruments, automatic apparatus for power station, computer, recorded computer program, data processing apparatus, automatic measurer, electro-dynamic apparatus for the remote control of signals, measuring apparatus, inductors (electricity), complete sets of electric inspecting apparatus, automatic apparatus for power station and industrial automatic control system.
4. Items applied for registration under Class 9 of the Trade Marks Ordinance of Hong Kong are scientific, electric, weighing, measuring, signalling, checking (supervision) apparatus and instruments, computers, recorded computer programmes, data processing apparatus, automatic calculating machines, electro-dynamic apparatus for the remote control of signals, measuring apparatus, inductors (electricity), complete set of electric test installations, automation installations for stations of electrical power supply, industrial automation control apparatus and instruments, boiler control instruments, pressure gauges / manometers, electric measuring devices, electric regulating apparatus, voltage regulators, distribution consoles (electricity), control panels (electricity), mechanisms for counter-operated apparatus.

(b) *Patents*

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

Patent	Place of registration	Application number	Application date
Tailored Control System	PRC	00107544.6	18 May 2000
Controller Embedded With Advanced Process Control (APC) Software	PRC	00129789.9	12 October 2000
Real-Time Embedded Operating System Based Softlogic Controller	PRC	00129788.0	12 October 2000
Infra-Controller with Web-Server	PRC	00129787.2	12 October 2000

(c) *Copyrights*

As at the Latest Practicable Date, the Group had applied for registration of the following copyrights, the registration of which has not yet been granted:

Copyrights	Place of registration	Application number	Application date
Butterfly, Programming & Configuration Software for PPC21 Controller	PRC	200012236	23 October 2000
Firefly, Configuration Software for PPC31 Controller	PRC	200012237	23 October 2000
Dragonfly, Configuration Software for PPC11 Controller	PRC	200012238	23 October 2000
TFIX, Monitoring and Control Software for TCS Tailored Control System	PRC	200012239	23 October 2000

(d) *Domain names*

As at the Latest Practicable Date, members of the Group held the following domain names:—

Domain Name	Registration date
www.techwayson.com	25 April 2000
www.techwayson.com.cn	7 July 2000
www.techwayson.com.hk	5 October 2000
www.e-automation.com.cn	12 August 2000

3. **Information on the Group's PRC enterprise***Techwayson Industrial*

Techwayson Industrial is a wholly-owned subsidiary of Usualink, and is a wholly foreign-owned enterprise established in the PRC engaging in research, design, integration

and supply of automation and control system, components, software applications, products and services for industries and buildings. The following is a summary of information regarding Techwayson Industrial:—

Date of incorporation	: 18 September 1997
Operation term	: 18 September 1997 to 18 September 2012
Registered capital	: HK\$10,000,000.00
Investment amount	: HK\$10,000,000.00
Legal representative	: Sze Kwan

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

1. Disclosure of interests

Each of the Directors is, to such extent as relevant to him, interested in the material contracts set out in the subsection headed “Summary of material contracts” in this Appendix.

2. Particulars of service contracts

Each of the executive Directors has entered into a service contract with the Company on 22 January 2001 for an initial term of two years with retrospective effect from 1 January 2001 and thereafter be continuous unless and until terminated by not less than three months’ notice in writing served by either party on the other. Each of these executive Directors is entitled to the basic salary set out below which will be subject to annual review by the board of Directors provided that any increment to salary shall not exceed 15 per cent. of the relevant Director’s salary at the time of the relevant review:—

Name of Director	Annual Salary HK\$
Dr. Sze Kwan	480,000
Mr. Tung	480,000
Mr. Lee Tiong Hock	480,000

Each of the executive Directors is entitled to an annual fixed sum bonus equal to one month’s salary at the time of payment in respect of such completed year of service payable before the Chinese new year of next year provided that the said bonus shall be calculated on a pro-rata basis if the executive Director has not completed 12 months’ service under the service contract during the previous calendar year.

Each of the executive Directors may be entitled to a discretionary bonus determined and approved by the board of Directors provided that the aggregate amount of such bonus payable in each financial year to all executive Directors shall be subject to a maximum limit of five per cent. of the audited consolidated profit of the Group attributable to the shareholders of the Company, but before such bonus.

3. Directors' remuneration

- A. The Company's policy concerning remuneration of executive Directors are as follows:—
- (i) the executive Directors' remuneration is determined on the basis of his experience, responsibility, and the time devoted to the Group;
 - (ii) at the discretion of the board of Directors, the executive Directors may be granted options pursuant to the Share Option Scheme, as part of their remuneration package.
- B. An aggregate of approximately HK\$115,000 was paid to Dr. Sze as remuneration for the financial year ended 30 June 2000. Further information in respect of the Director's remuneration is set out in Appendix I to this prospectus.
- C. It is expected that an aggregate of approximately HK\$720,000 will be paid to the executive Directors as remuneration for the financial year ended 30 June 2001.
- D. No bonus was paid to any of the Directors in each of the two financial years ended 30 June 2000.
- E. 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 financial years ended 30 June 2000 for (a) the loss of office as director or any other office in connection with the management affairs of any member of the Group or (b) as an inducement to join or upon joining the Company.
- F. There has been no arrangement under which a Director has waived or agreed to waive any emoluments in each of the two financial years ended 30 June 2000.
- G. The non-executive Directors have no fixed term of office but are subject to the provisions of retirement and rotation of Directors under the articles of association of the Company. Save for directors' fees of HK\$10,000 per month for each non-executive Director, none of the non-executive Directors is expected to receive any other remuneration for holding their office as a non-executive Director.

4. Interests of Directors in the share capital of the Company after the Placing

Immediately following completion of the Placing and taking no account of Shares which may be taken up under the Placing, the interests of the Directors and chief executive in the equity or debt securities of the Company or any 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 which will be required, pursuant to Section 29 of the SDI Ordinance, to be entered in the

register referred to therein once the Shares are listed, 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 the Shares are listed on GEM, will be as follows:—

Name of Director	Personal Interests (number of Shares)	Family interests (number of Shares)	Corporate interests (number of Shares)	Total number of Shares
Dr. Sze Kwan	—	—	168,000,000 ^(note)	168,000,000

Note: The Shares will be held by Otto Link, which is owned as to 80 per cent. by Dr. Sze Kwan and 20 per cent. by Mr. Tung, who is also a Director.

5. Agency fees or commissions received

The Underwriters will receive a placing and underwriting commission and China Everbright and JS Cresvale will receive a financial advisory and documentation fee relating to the Placing as described in the subsection headed “Commission and expenses” under the section headed “Underwriting” of this prospectus.

Save as disclosed in this prospectus, none of the Directors, the promoter of the Company or the experts named in the subsection headed “Consents of experts” in this Appendix had received any agency fee or commission from the Group within the two years immediately preceding the date of this prospectus.

6. Related party transactions

Save as disclosed in section 3 to the accountants’ report as set out in Appendix I to this prospectus and the subsection headed “Summary of material contracts” in this Appendix, the Group has not entered into any related party transactions within the two years immediately preceding the date of this prospectus.

7. Disclaimers

Save as disclosed herein:

- (a) taking no account of the Shares which may be taken up under the Placing, none of the Directors or chief executive of the Company has any interest in the equity or debt securities of the Company or any of its associated corporation (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 he will take or be deemed to have under Section 31 of, or Part 1 of the Schedule to, the SDI Ordinance) once the Shares are listed, or which will be required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein once the Shares are listed, 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 the Shares are listed on GEM;

- (b) none of the Directors or experts referred to in the subsection headed “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of the Company, or in any assets which have within the two years immediately preceding the date 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 or experts referred to in the subsection headed “Consents of experts” 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 taken as a whole;
- (d) none of the Directors has any existing or proposed 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);
- (e) none of the experts referred to in the subsection headed “Consents of experts” 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.

D. SHARE OPTION SCHEME

1. Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution of the shareholders of the Company on 22 January 2001:—

(a) *Who may join*

The committee of the board of Directors constituted to administer the Share Option Scheme (the “**Option Scheme Committee**”) may, at its discretion, offer full-time employees, including executive directors, of the Company and/or any of its subsidiaries, options to subscribe for such number of new Shares as the Option Scheme Committee may determine at an exercise price determined in accordance with paragraph (b) below.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

(b) *Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Option Scheme Committee in its absolute discretion shall determine, save that such price will not be less than the highest of (i) the closing price of the Shares on GEM as stated in the Stock Exchange’s daily quotations sheet on the date of offer of the option and (ii) the average of the closing prices of the Shares on GEM as stated in the Stock Exchange’s daily quotations sheets for the five days on which the Stock Exchange is open for the business of dealing in securities immediately preceding the date of offer of the option; and (iii) the nominal value of a Share.

(c) *Maximum number of Shares*

- (i) The maximum aggregate number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme shall not, subject to the conditions set out below, when aggregated with any Shares subject to any other share option schemes, exceed such number which shall represent 30 per cent. of the issued ordinary share capital of the Company from time to time, for a period of ten years from 22 January 2001 excluding for this purpose (aa) Shares issued and allotted or which may be issued or allotted pursuant to the exercise of options granted pursuant to the Share Option Scheme or any other share option schemes and (bb) any pro rata entitlements to further Shares issued in respect of those Shares mentioned in (aa) above:—
- (1) the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other share option schemes must not, in aggregate, exceed 10 per cent. of the issued share capital of the Company as at the first date of the listing of the Shares on GEM (such 10 per cent. being equivalent to 35,000,000 Shares based on 350,000,000 Shares expected then to be in issue) unless shareholders' approval has been obtained pursuant to paragraph (2) or (3) below;
 - (2) the Option Scheme Committee may seek approval by shareholders in general meeting to renew the 10 per cent. limit. However, the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other share option schemes in these circumstances must not exceed 10 per cent. of the issued share capital of the Company at the date of approval of the renewing of the limit; and
 - (3) the Option Scheme Committee may seek separate shareholders' approval in general meeting to grant options beyond the 10 per cent. limit provided that (i) the total number of Shares subject to the Share Option Scheme and any other share option schemes does not in aggregate exceed 30 per cent. of the total issued share capital of the Company from time to time and (ii) the options in excess of the 10 per cent. limit are granted only to the employees specified by the Option Scheme Committee before such approval is sought.
- (ii) No option may be granted to any one person which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him and the said option exceeding 25 per cent. of the aggregate number of Shares issued and issuable under all the options which may be granted under the Share Option Scheme at the time it is proposed to grant the relevant option to that person.

(d) *Restrictions on grant of options*

- (i) No option shall be granted after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision of the Directors, until such price sensitive information has been announced pursuant to the relevant requirements of the GEM Listing Rules and, in particular, no option shall be

granted during the period of one month immediately preceding the preliminary announcement of the annual results of the Company or the publication of the interim results of the Company until such information has been announced pursuant to the relevant requirements of the GEM Listing Rules.

- (ii) Any grant of options to a connected person (as defined in the GEM Listing Rules) must be approved by the independent non-executive directors of the Company.
 - (iii) Where options are proposed to be granted to a connected person who is also a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive director of the Company or any of their respective associates, and the proposed grant of options, when aggregated with the options already granted to that connected person in the past 12 months period, would entitle him 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, based on the closing price of the Shares at the proposed date of grant, is in excess of HK\$5 million, the proposed grant must be subject to the approval of shareholders of the Company in general meetings. The connected person involved and 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 non-executive directors on whether or not to vote in favour of the proposed grant.
- (e) *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 (“**Option Period**”) to be notified by the Option Scheme Committee to each grantee, such period not to be less than 3 years and not to exceed 10 years from the date on which the option is offered in accordance with the terms of the Share Option Scheme PROVIDED that in any event, the Option Period shall not expire at any date after 3 years from the expiry of the Share Option Scheme.

- (f) *Rights are personal to grantee*

An option shall not be transferred and is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part.

- (g) *Rights on cessation of employment by death*

If the grantee of an option ceases to be an employee of the Company or its subsidiaries by reason of death, his personal representatives may exercise the option (to the extent not already exercised) within a period of twelve months thereafter (or such longer period as the Option Scheme Committee may determine), failing which it will lapse.

(h) *Rights on cessation of employment by dismissal*

If the grantee of an option ceases to be an employee of the Company or its subsidiaries on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts 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 integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Company or the relevant subsidiary, his option will lapse and not be exercisable on the date of termination of his employment.

(i) *Rights on cessation of employment for other reasons*

If the grantee of an option leaves the service of the Company or its subsidiaries for any other reason, his option may be exercised within three months following the date of such cessation, which date shall be the last actual working day with the Company or the relevant subsidiary, whether salary is paid in lieu of notice or not.

(j) *Effects of alterations to share capital*

In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, such corresponding alterations (if any) shall be made in the aggregate number or nominal amount of Shares subject to outstanding options so far as unexercised and/or the subscription price per Share of each outstanding option and/or the method of exercise of the option as the auditors of the Company shall certify in writing to the Option Scheme Committee to be in their opinion fair and reasonable. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value or which would give a grantee a different proportion of the issued share capital of the Company to which the grantee was entitled before such alterations, further provided that the aggregate subscription price to be paid by a grantee after such alterations in a full exercise of the option shall remain as nearly as possible the same as that he or she has to pay before such alterations. The issue of Shares as consideration in a transaction to which the Company is a party is not to be regarded as a circumstance requiring any such alterations.

(k) *Rights on a general offer*

In the event that a general offer is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) with the terms of the offer having been approved in accordance with applicable laws and regulatory requirements becomes or is declared unconditional prior to the expiry date of the option, the Company shall within 7 days of such offer becoming or being declared unconditional give notice thereof to the grantee, whereupon the grantee (or his personal representatives) shall be entitled to exercise the option in full or in part (to the extent not already exercised) at any time within 14 days after the date of such notice.

(l) *Rights on winding up*

In the event that a notice is given by the Company to its shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution

to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the grantee (or his personal representatives), who may by notice in writing to the Company (such notice to be received by the Company not later than two business days prior to the proposed general meeting) accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and 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, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid up and register the grantee as holder thereof.

(m) *Rights on compromise or arrangement*

In the event of a compromise or scheme of arrangement between the Company and its members or creditors being proposed in connection with the scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and the grantee (or his personal representatives) may by notice in writing to the Company accompanied by the remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than two business days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and register the grantee as holder thereof. Upon such compromise or arrangement becoming effective, all options to the extent that they have not been exercised in accordance with this paragraph (m) shall lapse.

(n) *Ranking of Shares*

Shares allotted and issued on the exercise of options will rank *pari passu* with the other fully paid Shares in issue on the date of issue, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling before the date of issue.

(o) *Lapse of option*

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

- (i) subject to paragraphs (p) and (s) below, the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (g), (i) and (l) above;
- (iii) subject to the High Court of Hong Kong not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph (k) above;

- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (m) above;
 - (v) the date of the commencement of the winding-up of the Company;
 - (vi) the date on which the grantee ceases to be an employee by reason of the termination of his or her employment referred to in paragraph (h) above; and
 - (vii) the date on which the resignation of the grantee is received by the Company or any of its subsidiaries (as the case may be); and
 - (viii) the date on which the grantee in any way sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any third party over or in relation to any option.
- (p) *Period of the Share Option Scheme*

Subject to earlier termination by the Company in general meeting, the Share Option Scheme shall be valid and effective for a period of ten years from 22 January 2001, the date on which the Share Option Scheme was conditionally adopted by the Company. After such ten years' period, options which are granted during the life of the Share Option Scheme and remain unexpired immediately prior to the end of the said ten years' period may continue to be exercisable in accordance with their terms of issue.

(q) *Alterations to the Share Option Scheme*

The Share Option Scheme may subject to the GEM Listing Rules be altered from time to time in any respect by resolution of the Option Scheme Committee save that the provisions of the Share Option Scheme as to the definitions of "Employee", "Grantee" and "Option Period", the duration of the Share Option Scheme, the grant of options, the subscription price, the exercise and cancellation of options, the lapse of options, the maximum number of shares available for subscription, the reorganisation of the capital structure of the Company and the alteration of the Share Option Scheme cannot be altered (i) to extend the class of persons eligible for the grant of options, or (ii) to the advantage of grantees or prospective grantees of options except with the prior sanction of an ordinary resolution of the Company in general meeting (with all grantees, prospective grantee and their associates (as defined in the GEM Listing Rules) abstaining from voting).

(r) *Administration of the Share Option Scheme*

The Share Option Scheme shall be administered by the Option Scheme Committee whose members will include the independent non-executive Directors and, if applicable, the independent non-executive directors of any holding company of the Company which is also listed on the Main Board or on GEM.

(s) *Termination of Share Option Scheme*

The Company by ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force

and effect in respect of any options granted prior thereto but not yet exercised at the time of termination. Options complying with the provisions of Chapter 23 of the GEM Listing Rules which are granted during the life of the Share Option Scheme and remain unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue within one month after the termination of the operation of the Share Option Scheme.

(t) *Cancellation of Options*

Any cancellation of options granted but not exercised shall require approval of shareholders of the Company in general meeting, and the relevant grantees and their respective associates (as defined in the GEM Listing Rules) shall abstain from voting. Any vote taken at the general meeting for approving such cancellation shall be taken by poll. Cancelled options may be re-issued after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the Share Option Scheme.

2. Present status of the Share Option Scheme

The Share Option Scheme is conditional on the GEM Listing Committee granting approval of the listing of and permission to deal in the Shares to be issued as mentioned therein.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the GEM Listing Committee for the approval of the Share Option Scheme and the subsequent granting of options under the Share Option Scheme and for the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Estate duty and tax indemnity

Otto Link, Dr. Sze, Mr. Tung, Goldwiz, Goldwiz Holdings, Mr. T. Siu, Mr. K. F. Siu and Streetwise (together, the Indemnifiers) have given certain indemnities in favour of the Company (for itself and as trustee for other Group companies) (being the deed of indemnity referred to in sub-paragraph (vi) in the subsection headed “Summary of material contracts” in this appendix) to provide indemnities in respect of, inter alia, 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 (Chapter 111 of the Laws of Hong Kong)) to any member of the Group and any other tax liabilities of the Group on or before the date on which the Placing becomes unconditional except in certain circumstances including where:—

- (a) to the extent that provision has been made for such Taxation (as defined therein) in the audited accounts of the Company or its subsidiaries as at 30 June 2000;

- (b) 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 30 June 2000;
- (c) any member of the Group is liable as a result of any transaction entered into by it in the ordinary course of business after 30 June 2000;
- (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 30 June 2000 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 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).

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries under the laws of Cayman Islands, the BVI and the PRC.

2. **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 by or against any member of the Group.

3. **Sponsor**

China Everbright has made an application on behalf of the Company to the GEM Listing Committee for a listing of, and permission to deal in, all the Shares in issue, the Shares to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of any options granted under the Share Option Scheme.

4. **Registration procedures**

Subject to the provisions of the Companies Law, the register of members of the Company will be maintained in the Cayman Islands by Bank of Butterfield International (Cayman) Ltd. and a branch register of members of the Company will be maintained in Hong Kong by Hong Kong Registrars Limited. Save where the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Company's share registrar in Hong Kong and may not be lodged in the Cayman Islands.

5. **Taxation of holders of Shares**

(a) *The Cayman Islands*

Under the present Cayman Islands law, transfers and other disposals of Shares are not subject to Cayman Islands stamp duty unless the Company holds an interest in land in the Cayman Islands.

(b) *Hong Kong*

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

(c) *Generally*

Potential holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of applying for, purchasing, holding or disposing of, or dealing in, Shares. It is emphasised that none of the Company, the Directors, JS Cresvale, their respective directors nor any other parties involved in the Placing accepts responsibility for any tax effect on, or liabilities of, persons resulting from the subscription for, holding, purchase or disposal of or dealing in, Shares.

6. **Preliminary expenses**

The preliminary expenses of the Company are estimated to be approximately US\$4,000 and are payable by the Company.

7. **Promoter**

The promoter of the Company is Otto Link, a company incorporated in the British Virgin Islands on 28 January 2000, the particulars of which are set out below:—

As at the Latest Practicable Date, the issued share capital of Otto Link was US\$10,000.00 divided into 10,000 shares of US\$1.00 each, all of which are fully paid or credited as fully paid. Otto Link's current directors, principal banker and auditors are as follows:—

Directors:

Dr. Sze Kwan

Mr. Tung

Principal Banker:

Bank of China
 Hong Kong Branch
 Bank of China Tower
 1 Garden Road
 Central
 Hong Kong

Auditors:

Arthur Andersen & Co

Charles Chan, Ip & Fung CPA Ltd

Save as disclosed in this prospectus, no amount or benefit has been paid or given to or is intended to be paid or given to the promoter in connection with the Placing or the related transaction described in the prospectus within the immediately preceding two years.

8. Qualification of experts

The following are the qualifications of the experts who have given their opinion or advice which is contained in this prospectus:—

Expert	Qualification
China Everbright	Registered investment adviser
Arthur Andersen & Co	Certified public accountants
Charles Chan, Ip & Fung CPA Ltd	Certified public accountants
Chesterton Petty Limited	Property valuers
Conyers Dill & Pearman, Cayman	Cayman Islands attorney-at-law
Shu Jin & Co.	Qualified PRC lawyers

9. Consents of experts

Each of China Everbright, Arthur Andersen & Co, Charles Chan, Ip & Fung CPA Ltd, Chesterton Petty Limited, Conyers Dill & Pearman, Cayman and Shu Jin & Co 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 opinion and/or the references to its name included herein in the form and context in which it is respectively included.

10. 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 so far as applicable.

11. 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, 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 share or loan capital of the Company or any of its subsidiaries.
- (b) None of China Everbright, Arthur Andersen & Co, Charles Chan, Ip & Fung CPA Ltd, Chesterton Petty Limited, Conyers Dill & Pearman, Cayman and Shu Jin & Co.:—
 - (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.
- (c) No company within the Group is presently listed on any stock exchange or traded on any trading system.
- (d) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.