

**A. FURTHER INFORMATION ABOUT THE COMPANY****1. Incorporation**

The Company was incorporated in Hong Kong on 23rd July, 1999 under the Companies Ordinance. The Company has established a place of business and registered office in Hong Kong at Units 2801-2805, 28th Floor, Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong.

**2. Changes in share capital**

- (i) The Company was incorporated with an authorised share capital of HK\$1,500,000 divided into 1,000,000 Class A shares of HK\$1.00 each and 500,000 Class B shares of HK\$1.00 each of which 2 Class A shares were subscribed by the subscribers. On 9th September, 1999, the transfer of 2 Class A shares of HK\$1.00 each in the Company to Mr. Yu Hang Chung, Herman was approved by the Directors. On the same date, the Directors were further authorised to allot and issue 237,498 and 12,500 Class A shares of HK\$1.00 each to Mr. Yu Hang Chung, Herman and Mr. Kam Chun Ying, Francis respectively.
- (ii) On 3rd March, 2000, a special resolution of the Company was passed pursuant to which the authorised and issued share capital of the Company, comprising 1,000,000 Class A shares of HK\$1.00 each and 500,000 Class B shares of HK\$1.00 each be subdivided into 10,000,000 Class A shares of HK\$0.10 each and 5,000,000 Class B shares of HK\$0.10 each. On the same date, an ordinary resolution was passed pursuant to which the authorised share capital of the Company was increased from HK\$1,500,000 to HK\$10,500,000 by the creation of 90,000,000 new Class A shares of HK\$0.10 each.
- (iii) On 8th June, 2000, 123,626 Class A shares of HK\$0.10 each in the Company were allotted and issued to HyComm in consideration of the allotment and issue of 15,325,000 shares in the capital of HyComm at HK\$2.50 each credited as fully paid to the Company.
- (iv) On 7th September, 2000, 143,980 Class A shares of HK\$0.10 each in the Company were allotted and issued to HyComm in consideration of the allotment and issue of 15,325,000 shares in the capital of HyComm at HK\$2.50 each credited as fully paid to the Company.
- (v) On 22nd December, 2000, 162,995 Class A shares of HK\$0.10 each in the Company were allotted and issued to Allied Luck Company Limited at a consideration of HK\$6,500,000. On 28th February, 2001, a further 30,077 Class A shares of HK\$0.10 each in the Company were allotted and issued to Allied Luck Company Limited at par credited as fully paid so as to maintain its then existing shareholding interest in the Company at 4.95% on a fully diluted basis in accordance with the percentage shareholding agreed to be subscribed by Allied Luck Company Limited pursuant to the Shares subscription agreement referred to in paragraph (d) in the section headed "Summary of material contracts" of this Appendix.
- (vi) On 5th January, 2001, 81,498 Class A shares of HK\$0.10 each in the Company were allotted and issued to Bestcharm Holdings Limited at a consideration of HK\$3,250,000. On 28th February, 2001, a further 15,038 Class A shares of HK\$0.10 each in the Company were allotted and issued to Bestcharm Holdings Limited credited as fully paid so as to maintain its then existing shareholding interest in the Company at 2.475% on a fully diluted basis in accordance with the percentage shareholding agreed to be subscribed by Bestcharm Holdings Limited pursuant to the Shares subscription agreement referred to in paragraph (e) in the section headed "Summary of material contracts" of this Appendix.

- (vii) On 17th January, 2001, 262,067 Class A shares of HK\$0.10 each in the Company were allotted and issued to Digikap Asia Limited credited as fully paid in consideration of the provision of consultancy services by Digikap Asia Limited to the Group.
- (viii) On 28th February, 2001, 193,072 Class A shares of HK\$0.10 each in the Company were allotted and issued to AsiaMediaShop Limited at a consideration of HK\$6,500,000 payable in cash.
- (ix) On 1st March, 2001, 193,072 Class A shares of HK\$0.10 each in the Company were allotted and issued to CBC Information Technology Limited at a consideration of HK\$6,500,000 payable in cash.
- (x) On 1st March, 2001, 39,005 Class A shares of HK\$0.10 each in the Company were allotted and issued to Digikap Asia Limited at a consideration of HK\$1,000,000 payable in cash.
- (xi) On 11th April, 2001, 433,383 Class A shares of HK\$0.10 each in the Company were allotted and issued to One Trend Net Holdings Limited at a consideration of HK\$30,000,000 payable in cash.
- (xii) On 9th July, 2001, 78,009 Shares were allotted and issued to Ms. Lam Ching Shan for cash at par.
- (xiii) On 17th July, 2001, 78,009 Shares were allotted and issued to Cyber Campus Networks Limited as part consideration for the acquisition by the Group of a 10% equity interest in COL.
- (xiv) On 19th July, 2001, the Company allotted and issued 131,083, 17,824, 12,174, 8,912 and 71,582 Shares to Mr. Yu Hang Chung, Herman, Mr. Ng Wing Hong, Mr. Kam Chun Ying, Francis, Mr. Suen Kwok Kin and HyComm respectively as consideration for the capitalisation of shareholders' loans in the aggregate amount of HK\$6,631,045.50.
- (xv) On 19th July, 2001, 77,417 Shares were allotted and issued to Mr. Yu Hang Chung, Herman credited as fully paid for the capitalisation of a promissory note issued by the Company to Mr. Yu Hang Chung, Herman.

Pursuant to a written resolution dated 6th July, 2001, a resolution was passed to cancel all Class B shares of HK\$0.10 each in the authorised share capital of the Company and to reclassify all Class A shares of HK\$0.10 each in the Company as ordinary shares.

By written resolutions dated 7th December, 2001, resolutions were passed pursuant to which the authorised share capital of the Company was increased from HK\$10,000,000 to HK\$100,000,000 by the creation of 900,000,000 additional Shares to rank pari passu with the existing Shares in all respects.

Assuming that the Placing becomes unconditional and the issue of Shares pursuant to the Placing is made, 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\$60,000,000 divided into 600,000,000 Shares (each of which will be fully paid or credited as fully paid) and 400,000,000 Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option or of any options which have been or may be granted under the Pre-IPO Share Option Plan and the Share Option Scheme, 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.

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

### 3. Shareholders' resolutions of the Company passed on 7th December, 2001

Pursuant to the resolutions passed by the shareholders of the Company on 7th December, 2001, conditional on the same conditions as stated in the section headed "Conditions of the Placing" in this prospectus:

- (a) conditional upon the share premium account of the Company being credited as a result of the New Issue, an amount of HK\$49,010,717.70 standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 490,107,177 Shares for allotment and issue to holders of Shares on the register of members of the Company as at the close of business on 14th December, 2001 in proportion to their then shareholdings in the Company (the "Capitalisation Issue");
- (b) conditional on (i) the GEM Listing Committee granting listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any Shares which may be made available pursuant to the exercise of the Over-allotment Option) and (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of a waiver of any conditions thereunder) and not being terminated in accordance with the terms of that agreement or otherwise, the Placing and the Over-allotment Option were approved and the Directors were authorised to allot and issue the New Shares, to approve, subject only to stamping, the transfer of the Sale Shares and to allot and issue the Shares which may be required to be issued if the Over-allotment Option is exercised;
- (c) the rules of the Pre-IPO Share Option Plan were approved and adopted, and the Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares thereunder and subject to (i) the GEM Listing Committee granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Plan and (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) thereunder) and not being terminated in accordance with the terms of that agreement or otherwise, to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Pre-IPO Share Option Plan and to take all such steps as it considers necessary or desirable to implement the Pre-IPO Share Option Plan;
- (d) conditional on (i) the GEM Listing Committee granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of any such option under the Share Option Scheme and (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) thereunder) and not being terminated in accordance with the terms of that agreement or otherwise, the rules of the Share Option Scheme were approved and adopted, and the Directors were authorised, in their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme and to take all such steps as it considers necessary or desirable to implement the Share Option Scheme;

- (e) a general unconditional mandate was given to the Directors to allot, issue and deal with (otherwise than by way of rights issue or pursuant to the exercise of options granted under the Pre-IPO Share Option Plan or the Share Option Scheme), on behalf of the Company, Shares with an aggregate nominal value not exceeding the sum of:
  - (i) 20% of the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned herein taking into account the Capitalisation Issue (including, in the event that the Over-allotment Option is exercised, the total nominal value of share capital of the Company which is issued pursuant to the Over-allotment Option); and
  - (ii) the aggregate nominal amount of the share capital of the Company purchased under the authority referred to in paragraph (f) below;
- (f) 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% of the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned herein taking into account the Capitalisation Issue (including, in the event the Over-allotment Option is exercised, the total nominal amount of the share capital of the Company which is issued pursuant to the exercise of the Over-allotment Option);
- (g) the Company adopted its existing memorandum and articles of association and the Company was converted into a public company; and
- (h) the authorised share capital of the Company was increased from HK\$10,000,000 to HK\$100,000,000 by the creation of 900,000,000 additional Shares ranking pari passu with the existing Shares in all respects.

Each of the general mandates referred to in paragraphs (e) and (f) 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 Hong Kong 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.

#### **4. Corporate reorganisation**

The companies comprising the Group underwent a change in shareholding structure in preparation for the listing of the Shares on GEM which involved the following:

- (a) On 17th July, 2001, the Company acquired a 10% equity interest in COL from Cyber Campus Networks Limited in consideration of the transfer to Cyber Campus Networks Limited of 2,556,400 shares in Corpmart.com Limited and the allotment and issue of 78,009 Shares to Cyber Campus Networks Limited credited as fully paid. The Company thereby increased its indirect equity interest in COL from 70% to 80%.

- (b) On 17th July, 2001, COL allotted and issued 50,000,000 new shares to Codebank IMA Limited thereby increasing the Company's indirect equity interest in COL to 90%.

#### 5. 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.

The following alterations in the share capital of the Company's subsidiaries have taken place within the two years preceding the date of this prospectus:

- (i) On 1st January, 2000, 69,998 shares of HK\$0.10 each in COL were allotted and issued to Codebank IMA Limited in consideration of HK\$6,999.80 payable in cash.
- (ii) On 1st January, 2000, 30,000 shares of HK\$0.10 each in COL were allotted and issued to Cyber Campus Networks Limited in consideration of HK\$3,000 payable in cash.
- (iii) On 28th April, 2000, 6,930,000 shares of HK\$0.10 each in COL were allotted and issued to Codebank IMA Limited in consideration of HK\$693,000 payable in cash.
- (iv) On 28th April, 2000, 2,970,000 shares of HK\$0.10 each in COL were allotted and issued to Cyber Campus Networks Limited in consideration of HK\$297,000 payable in cash.
- (v) On 6th May, 2000, 9,998 Shares of HK\$0.10 each in CBIT were allotted and issued to the Company in consideration of HK\$999.80 payable in cash.
- (vi) On 7th June, 2000, 6,998 shares of HK\$0.10 each in MAP were allotted and issued to the Company in consideration of HK\$699.80 payable in cash.
- (vii) On 7th June, 2000, 3,000 shares of HK\$0.10 each in MAP were allotted and issued to iAssociates Limited in consideration of HK\$300 payable in cash.
- (viii) On 26th July, 2000, COL increased its authorised share capital from HK\$2,000,000 to HK\$10,000,000 by the creation of 80,000,000 new shares of HK\$0.10 each.
- (ix) On 1st August, 2000, MAP increased its authorised share capital from HK\$1,000,000 to HK\$3,000,000 by the creation of 20,000,000 new shares of HK\$0.10 each.
- (x) On 1st August, 2000, 13,993,000 shares of HK\$0.10 each in MAP were allotted and issued to the Company in consideration of HK\$1,399,300 payable in cash.
- (xi) On 1st August, 2000, 5,997,000 shares of HK\$0.10 each in MAP were allotted and issued to iAssociates Limited in consideration of HK\$599,700 payable in cash.
- (xii) On 4th October, 2000, 28,000,000 shares of HK\$0.10 each in COL were allotted and issued to Codebank IMA Limited in consideration of HK\$2,800,000 payable in cash.

- (xiii) On 4th October, 2000, 12,000,000 shares of HK\$0.10 each in COL were allotted and issued to Cyber Campus Networks Limited in consideration of \$1,200,000 payable in cash.
- (xiv) On 11th April, 2001, MAP increased its authorised share capital from HK\$3,000,000 to HK\$3,285,714.30 by the creation of 2,857,143 redeemable preference shares of HK\$0.10 each.
- (xv) On 11th April, 2001, 2,857,143 redeemable preference shares in MAP were allotted and issued to HTC Partners L.P. at a consideration of US\$500,000 payable in cash.
- (xvi) On 17th July, 2001, 50,000,000 shares of HK\$0.10 each in the share capital of COL were allotted and issued to Codebank IMA Limited for cash at par.

Save as aforesaid and as set out under the heading "Corporate reorganisation" in this Appendix, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years preceding the date of this prospectus.

## 6. Repurchase by the Company of its own securities

### (a) *Exercise of the Buyback Mandate*

Exercise in full of the Buyback Mandate, on the basis of 600,000,000 Shares in issue immediately after completion of the Placing and the Capitalisation Issue (assuming the Over-allotment Option is not exercised), could result in up to 60,000,000 Shares being repurchased by the Company during the period until (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 (iii) the revocation, variation or renewal of the Buyback Mandate by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first.

### (b) *Reasons for repurchases*

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors 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 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.

### (c) *Funding of repurchases*

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association. The Company may not repurchase 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.

### (d) *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 such 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 maintenance of 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 and articles of association of the Company.

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

No connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken 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 group of shareholders acting in concert (as defined under the Code), depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Code as a consequence of any repurchase pursuant to the Buyback Mandate.

## **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:

- (a) an instrument of transfer and bought and sold notes dated 19th January, 2000 and a declaration of trust executed by Mr. Yu Hang Chung, Herman dated 19th January, 2000 wherein the Company beneficially acquired from Mr. Yu Hang Chung, Herman 10,000 shares in Codebank IMA Limited for HK\$10,000;
- (b) a sale and purchase and subscription agreement dated 4th March, 2000 entered into between Mr. Yu Hang Chung, Herman, Mr. Kam Chun Ying, Francis, Mr. Ng Wing Hong, Mr. Suen Kwok Kin, Techrich Ltd., HyComm and the Company, as supplemented by an agreement dated 25th March, 2000, an agreement dated 15th April, 2000, an agreement dated 26th April, 2000 and an agreement dated 15th May, 2000 wherein HyComm acquired and subscribed for an aggregate of 498,169 Class A shares of HK\$0.10 each in the Company in consideration of the allotment and issue of 61,300,000 shares in HyComm credited as fully paid;
- (c) a letter agreement dated 15th September, 2000 entered into between the Company and Digikap Asia Limited wherein the Company appointed Digikap Asia Limited as financial adviser to the Group with respect to the Placing;
- (d) a shares subscription agreement dated 15th December, 2000 entered into between the Company and Allied Luck Company Limited wherein Allied Luck Company Limited subscribed for 162,995 Class A shares of HK\$0.10 each in the Company at a consideration of HK\$6,500,000;

- (e) a shares subscription agreement dated 5th January, 2001 entered into between the Company and Bestcharm Holdings Limited wherein Bestcharm Holdings Limited subscribed for 81,498 Class A shares of HK\$0.10 each in the Company for a total consideration of HK\$3,250,000;
- (f) a shares subscription agreement dated 7th February, 2001 entered into between the Company and AsiaMediaShop Limited wherein AsiaMediaShop Limited subscribed for 193,072 Class A shares of HK\$0.10 each in the Company for HK\$6,500,000;
- (g) a shares subscription agreement dated 1st March, 2001 entered into between the Company and CBC Information Technology Limited wherein CBC Information Technology Limited subscribed for 193,072 Class A shares of HK\$0.10 each in the Company at a consideration of HK\$6,500,000;
- (h) a subscription and shareholders agreement dated 16th March, 2001 entered into between HTC Partners, L.P., MAP, the Company and iAssociates Limited wherein HTC Partners, L.P. subscribed for 2,857,143 redeemable preference shares in MAP for US\$500,000;
- (i) a shares subscription agreement dated 11th April, 2001 entered into between the Company, One Trend Net Holdings Limited, Mr. Yu Hang Chung, Herman, Mr. Kam Chun Ying, Francis, Mr. Ng Wing Hong, Mr. Suen Kowk King, Digikap Asia and HyComm and wherein One Trend Net Holdings Limited subscribed for 433,383 Class A shares of HK\$0.10 each in the Company for HK\$30,000,000;
- (j) an agreement dated 11th April, 2001 entered into between the Company, One Trend Net Holdings Limited and Aionnet, wherein Aionnet has agreed to procure network service providers to provide the Company with high speed circuits linking up various cities in the PRC;
- (k) a sale and purchase agreement dated 17th July, 2001 entered into between the Company and Cyber Campus Networks Limited wherein the Company acquired 5,000,000 shares in COL in consideration of the transfer of 2,556,400 shares in Corpmart.com Limited and the allotment and issue of 78,009 Shares to Cyber Campus Networks Limited;
- (l) a sale and purchase agreement dated 19th July, 2001 entered into between the Company and Mr. Yu Hang Chung, Herman wherein the Company acquired from Mr. Yu Hang Chung, Herman 1,860,000 shares in Corpmart.com Limited in consideration of the Company issuing a promissory note in favour of Mr. Yu Hang Chung, Herman of HK\$2,281,600;
- (m) a capitalisation deed dated 19th July, 2001 entered into between the Company and Mr. Yu Hang Chung, Herman pursuant to which the Company has agreed to capitalise an outstanding promissory note by the allotment and issue of 77,417 Shares to Mr. Yu Hang Chung, Herman credited as fully paid;
- (n) a deed dated 29th November, 2001 entered into between, the Company, One Trend Net Holdings Limited, Aionnet, Super Code Limited, Mr. Yu Hang Chung, Herman, Mr. Kam Chun Ying, Francis, Mr. Ng Wing Hong, Mr. Suen Kwok Kin, Digikap Asia Limited and HyComm, in relation to the amendments of certain terms of the shares subscription agreement and the agreement mentioned in (i) and (j) above respectively;
- (o) the Underwriting Agreement; and
- (p) the Deed of Indemnity dated 17th December, 2001 entered into between Super Code Limited, HyComm, Mr. Cheng Yu Hong, Mr. Suen Kwok Kin, Mr. Kam Chun Ying, Francis, Mr. Ng Wing Hong, Ms. Lam Ching Shan and Mr. Yu Hang Chung, Herman and the Company referred to in the paragraph headed "Estate duty, tax and property indemnities" in this Appendix.



## 2. Intellectual property

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

| Trademark  | Place of Application | Class<br>(Note) | Application Date | Application Number |
|--|----------------------|-----------------|------------------|--------------------|
| CODE/BANK (in series)  | Hong Kong            | 41              | 22nd March, 2001 | 04669 of 2001      |
| CODE/BANK (in series)  | Hong Kong            | 42              | 22nd March, 2001 | 04670 of 2001      |
| CODEBANK 數碼庫<br>(in series)  | Hong Kong            | 41              | 22nd March, 2001 | 04671 of 2001      |
| CODEBANK 數碼庫<br>(in series)  | Hong Kong            | 42              | 22nd March, 2001 | 04672 of 2001      |
| CAMPUS ONLINE<br>SHANGHAI (in series)  | Hong Kong            | 41              | 22nd March, 2001 | 04673 of 2001      |
| CAMPUS ONLINE<br>SHANGHAI (in series)  | Hong Kong            | 42              | 22nd March, 2001 | 04674 of 2001      |
| CBIT (in series)   | Hong Kong            | 42              | 22nd March, 2001 | 04675 of 2001      |
| OPENCAMPUS<br>(in series)  | Hong Kong            | 41              | 22nd March, 2001 | 04676 of 2001      |
| OPENCAMPUS<br>(in series)  | Hong Kong            | 42              | 22nd March, 2001 | 04677 of 2001      |
| CODEBANK (in series)   | PRC                  | 41              | 25th April, 2001 | 2001067072         |
| CODEBANK (in series)   | PRC                  | 42              | 25th April, 2001 | 2001067073         |
| CODEBANK 數碼庫   | PRC                  | 41              | 25th April, 2001 | 2001067074         |
| CODEBANK 數碼庫   | PRC                  | 42              | 25th April, 2001 | 2001067075         |
|  校园在线               | PRC                  | 41              | 25th April, 2001 | 2001067076         |
|  校园在线               | PRC                  | 42              | 25th April, 2001 | 2001067077         |
| CBIT   | PRC                  | 42              | 25th April, 2001 | 2001067078         |
|  OpenCampus<br>开天网校 | PRC                  | 41              | 21st June, 2001  | 2001107252         |
|  OpenCampus<br>开天网校 | PRC                  | 42              | 21st June, 2001  | 2001107253         |

*Note:* The specification of goods or services to be registered under class 41 includes, inter alia, educational and training services relating to computer apparatus, computer software, data processing apparatus and telecommunications apparatus and instruments.

The specification of goods or services to be registered under class 42 includes, inter alia, computer services, computer service provider on-line from the Internet, software design and development.

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

## 1. Interests of directors in the share capital of the Company following the Placing

Immediately following completion of the Placing and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and taking no account of Shares which may be taken up under the Placing, Shares which may fall to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Plan and options to be granted under the Share Option Scheme), the interests of the Directors in the shares and the share capital of 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 I 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 which will be required, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange once the Shares are listed, will be as follows:

| Name of Company | Name of Director           | Personal Interests | Family Interests | Corporate Interest      | Other Interests | Total       |
|-----------------|----------------------------|--------------------|------------------|-------------------------|-----------------|-------------|
| The Company     | Mr. Yu Hang Chung, Herman  | nil                | nil              | 186,207,496<br>(Note 1) | nil             | 186,207,496 |
| The Company     | Mr. Kam Chun Ying, Francis | 3,120,201          | nil              | 7,876,577<br>(Note 2)   | nil             | 7,876,577   |
| The Company     | Mr. Suen Kwok Kin          | 3,039,173          | nil              | 7,653,128<br>(Note 3)   | nil             | 7,653,128   |
| The Company     | Mr. Cheng Yu Hong          | nil                | nil              | 10,655,450<br>(Note 4)  | nil             | 10,655,450  |

*Note 1:* These Shares are held by Super Code Limited, which Mr. Yu Hang Chung, Herman is a shareholder holding approximately 72.02% of its issued share capital.

*Note 2:* These Shares are held by Super Code Limited, which Mr. Kam Chun Ying, Francis is a shareholder holding approximately 4.23% of its issued share capital.

*Note 3:* These Shares are held by Super Code Limited, which Mr. Suen Kwok Kin is a shareholder holding approximately 4.11% of its issued share capital.

*Note 4:* These Shares are held by Digikap Asia Limited, a company wholly owned by Mr. Cheng Yu Hong.

So far as the Directors are aware, and taking no account of Shares which may be taken up under the Placing and Shares which may be issued pursuant to the exercise of the Over-allotment Option, the options granted pursuant to the Pre-IPO Share Option Plan and options to be granted pursuant to the Share Option Scheme, the following (not being Directors of the Company) will, immediately following the completion of the Placing and the Capitalisation Issue, be interested in 10% or more of the voting power at general meetings of members of the Group:

| Name of Owner                 | Name of Company | Number of shares/<br>equity interest | Percentage holding |
|-------------------------------|-----------------|--------------------------------------|--------------------|
| Super Code Limited            | The Company     | 186,207,496                          | 31.04              |
| HTC Partners, L. P.           | MAP             | 2,857,143                            | 12.50              |
| iAssociates Limited           | MAP             | 6,000,000                            | 26.25              |
| Cyber Campus Networks Limited | COL             | 10,000,000                           | 10.00              |

## 2. Particulars of service contracts

Each of Mr. Yu Hang Chung, Herman, Mr. Suen Kwok Kin, Mr. Kam Chun Ying, Francis and Mr. Cheng Yu Hong, being the executive Directors, has entered into a service contract with the Company, which will commence on the Listing Date, for a term of two years subject to termination thereafter 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 (subject to annual review).

The remuneration of each of Mr. Yu Hang Chung, Herman, Mr. Suen Kwok Kin, Mr. Kam Chun Ying, Francis and Mr. Cheng Yu Hong per month is HK\$100,000, HK\$70,000, HK\$70,000 and HK\$70,000 respectively.

Each of the executive Directors is entitled to an annual discretionary bonus decided by the majority of the board of Directors.

Save as disclosed above, none of the Directors has entered into any service agreement 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).

## 3. Directors' remuneration

The aggregate of the remuneration paid or payable to the Directors for the period from 23rd July, 1999 to 31st December 1999, the year ended 31st December, 2000 and the period from 1st January, 2001 to 30th September, 2001 were approximately HK\$433,000, HK\$3,540,000 and HK\$2,521,000 respectively.

The remuneration of each of the executive Directors, namely Mr. Yu Hang Chung, Herman, Mr. Kam Chun Ying, Francis, Mr. Suen Kwok Kin and Mr. Cheng Yu Hong per month is HK\$100,000, HK\$70,000, HK\$70,000 and HK\$70,000 respectively.

The remuneration of each of the non-executive Directors, namely Mr. Woo Chia Wei, Mr. Choy Mun Kei, Dr. Lau Wah Sum and Mr. Cheung Chun Ying, Victor per month is HK\$20,000, nil, HK\$40,000 and HK\$20,000 respectively.

Under the present arrangement, the aggregate of the Directors' fees and remuneration paid or payable to, and benefits in kind received or receivable by, the Directors for the year ending 31st December, 2001 are estimated to be approximately HK\$3,400,000.

## 4. Interests of other management and staff in the Company and the Placing

Save as disclosed herein:

- (a) taking no account of the Shares which may be taken up under the Placing, the Shares to be issued pursuant to the Over-allotment Option and the exercise of options granted under the Pre-IPO Share Option Plan and the Share Option Scheme, 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 be taken or deemed to have under Section 31 of, or Part I 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 which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules once the Shares are listed;

- (b) none of the Directors or experts referred to in the paragraph 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 paragraph 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) taking no account of any Shares which may be taken up under the Placing, the Directors are not aware of any person (not being a Director or chief executive of the Company) who will, immediately following completion of the Placing, be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group; and
- (f) none of the experts referred to in the paragraph 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.

#### **5. Personal guarantees**

The two principal bankers of the Group have agreed in principle that the personal guarantees given by Mr. Yu Hang Chung, Herman will be released upon the listing of the Shares on GEM and will be replaced by a charge over deposit placed by the Group and other security and guarantees to be provided by the Group.

#### **6. Agency fees or commissions received**

The Underwriters will receive an underwriting commission of 2.5% of the Offer Price per Placing Share, out of which they will pay any sub-underwriting commissions and selling concessions. The Sponsor will receive a fee as mentioned in the paragraph headed “Commission and expenses” in the section headed “Underwriting” of this prospectus. All other costs and expenses incurred in the Placing payable by the Company and the Vendor have been specified in the paragraph headed “Commission and expenses” in the section headed “Underwriting” of this prospectus.

#### **7. Related party transactions**

The Group has entered into related party transactions within the two years immediately preceding the date of this prospectus as mentioned in the note 5(x) to the section headed “Notes to Financial Information” of the accountants’ report set out in Appendix I to this prospectus.

**D. SHARE OPTIONS****1. Summary of terms of the Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the shareholders of the Company by way of written resolution passed on 7th December, 2001. The purpose of the Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution or future contribution to the Group.

*(a) Who may join*

The Board may, on the basis of a Participant's work performance and his/her contribution towards the growth of the Group, offer any Participant options to subscribe for such number of new Shares as the board of Directors may determine at any 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. For the purpose of this section, unless the context otherwise requires, "Employee" means any employee (including Directors) of the Group, "Grantee" means any Participant who has been offered and accepted an option in accordance with the terms of the Share Option Scheme and "Participant" means any employee and other consultants and/or advisers who have contributed or may contribute to the Group.

*(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 board of Directors 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 as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets on the five business days immediately preceding the date of grant of the option and (iii) the nominal value of a Share. The date of grant is the date on which the option is offered provided it is accepted within 28 business days of the date of offer.

*(c) Maximum number of Shares*

- (i) Subject to sub-paragraphs (ii) (iii) and (iv) below, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes of the Group must not exceed 30% of the Shares in issue from time to time ("Scheme Limit").
- (ii) The Shares which are the subject of options that may be granted immediately after the listing of the Shares on GEM must not exceed 10% of the Shares in issue on the Listing Date, (the "Scheme Mandate Limit") unless approval of the shareholders of the Company has been obtained pursuant to sub-paragraph (iii) and (iv) below. Options lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Group will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) Subject to sub-paragraph (i) above, the Company may renew the Scheme Mandate Limit at any time subject to prior shareholders' approval. However, the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of the aforesaid shareholders' approval. Options previously granted under the Share Option Scheme and other share option schemes of the Group (including those

outstanding, cancelled, lapsed in accordance with the schemes or exercised options) will not be counted for the purpose of calculating the limit as renewed. A circular containing such information required under the GEM Listing Rules must be sent to shareholders in connection with the meeting at which their approval will be sought.

- (iv) Subject to sub-paragraph (i) above, the Company may also seek separate shareholders' approval for granting options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before the aforesaid shareholders' meeting where such approval is sought. A circular must be sent to shareholders containing a generic description of the identified Participants, the number and terms of the options to be granted, the purpose of granting options to the identified Participants, and how these options serve such purpose and such information required under the GEM Listing Rules.
  - (v) The total number of Shares issued and to be issued upon exercise of the options granted and to be granted to each Participant or Grantee (as the case may be) (including both exercised and outstanding options) in any 12-month period up to and including the date of grant must not exceed 1% of the Shares in issue at the date of grant (the "Individual Limit"). Any further grant of options in excess of the Individual Limit must be subject to shareholders' approval with such Participant or Grantee (as the case may be) and his associates (as such term is defined in the GEM Listing Rules) abstaining from voting. A circular must be sent to shareholders disclosing the identity of the Participant or Grantee (as the case may be), the number and terms of the options granted and to be granted and such information required under the GEM Listing Rules. The number and terms of options to be granted to such Participants or Grantee, as the case may be, must be fixed before shareholders' approval is sought and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.
- (d) *Restrictions on grant of option*
- (i) An offer 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 Chapter 16 of the GEM Listing Rules. In particular, during the period of one month immediately preceding the earlier of (i) the date of the board of Directors' meeting for the approval of the Company's annual, half-year or quarter-year results; and (ii) the deadline for the Company to publish its annual, half-year or quarter-year results announcements under the GEM Listing Rules, no option should be granted until such information has been announced pursuant to the requirements of Chapter 16 of the GEM Listing Rules.
  - (ii) the grant of options to a connected person of the Company or its associates (as such terms are defined in the GEM Listing Rules) requires the approval of independent non-executive Directors (excluding the independent non-executive Director who is the Grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive Director or their respective associates will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised and outstanding) to such person in the 12-month period up to the date of grant to exceed of 0.1% of the Shares in issue and an aggregate value, based on the closing price of the Shares at the date of each grant, of HK\$5 million, such grant of options must be subject to shareholders' approval taken on a poll. All connected persons must abstain from voting, except that any connected person may vote against the resolution provided that this intention to do so has been stated in the circular to shareholders seeking their approval;

- (iii) Shareholders' approval as described above is also required for any change in the terms of options granted to a Grantee who is a substantial shareholder, an independent non-executive Director or their respective associates;
- (iv) The abovenamed circular must contain the following:
- details of the number and terms of the options to be granted to each Participant (which must be fixed before shareholders' approval) and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price;
  - a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee) as to voting; and
  - information relating to any Directors who are trustees of the Share Option Scheme or have a direct or indirect interest in the trustees.

The requirements for the granting of options to a Director or chief executive of the Company set out above do not apply where the Participant is only a proposed director or chief executive of the Company.

*(e) Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme during the period to be determined and notified by the board of Directors to each Grantee but may not be exercised after the expiry of ten years from the date of grant of the option. Subject to compliance with the above, the Board may provide restrictions on the exercise of an option during the period an option may be exercised.

The Share Option Scheme does not require a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised, unless the board of Directors otherwise determined and stated in the offer of the grant of options to the Grantee.

*(f) Rights are personal to Grantee*

An option shall not be assignable 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 who is an employee ceases to be an employee of the Group or its subsidiaries by reason of death and none of the events referred to in (h) below as a ground for termination of his or her employment by the Group arises, his personal representatives may exercise the option (to the extent not already exercised) within a period of twelve months thereafter, failing which it will lapse.

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

If the Grantee who is an employee ceases to be an employee of the Group or its subsidiaries on the grounds that he has been guilty of serious misconduct, or has committed any 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 integrity or honesty, 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 who is an employee leaves the services or ceases to be a director of the Group for any reason other than an event referred to in (h) above as a ground for termination, his or her option may be exercised at any time within 6 months following the date of cessation which date shall be the last actual working date 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 capitalisation of profits or reserves, rights issue, consolidation, subdivision, or reduction of the share capital of the Company such corresponding alterations (if any) shall be made in the aggregate number of Shares in respect of which options may be granted subject to outstanding options so far as unexercised and/or the subscription price per Share of each outstanding option or the method of exercise of the option as the Company's independent financial adviser or auditors of the Company shall certify in writing to the Board to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification is required). Any such alterations will be made on the basis that the aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. 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 increase the proportion of the issued share capital of the Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration. The issue of securities as consideration in a transaction is not to be regarded as circumstances requiring any such alteration.

(k) *Rights on a general offer*

In the event of a general offer being made to all holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, the Grantee (or his legal personal representatives) shall be entitled to exercise the option in full (to the extent not already exercised) or to the extent specified in such notice.

(l) *Rights on winding up*

In the event a notice is given by the Company to its shareholders to convene a shareholders' 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 and the Grantee (or his or her legal personal representatives) may by notice in writing to the Company (such notice to be received by the Company not later than four business days prior to the proposed shareholders' 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 shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise.



(m) *Rights on compromise or arrangement*

In the event of a compromise or 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 to consider such a scheme or arrangement and the Grantee (or his personal representatives) may by notice in writing to the Company accompanied by the remittance for the exercise price in respect of the relevant option (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.

(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 be entitled to participate in any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of issue.

(o) *Period of the Share Option Scheme*

Subject to the earlier termination by the Company in general meeting or by the board of Directors, the Share Option Scheme shall be valid and effective for a period of ten years from 7th December 2001, the date on which the Share Option Scheme was conditionally adopted by the Company.

(p) *Alterations to the Share Option Scheme*

The Share Option Scheme may be altered in any respect by the board of Directors except that the provisions of the Share Option Scheme relating to the matters set out in rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of the Grantees except with the approval of shareholders of the Company in general meeting with Participants and their respective associates abstaining from voting. Any alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted under the Share Option Scheme which are of a material nature must be approved by shareholders of the Company in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. Any change to the authority of the board of Directors or the scheme administrators in relation to any alteration of the terms of the Share Option Scheme shall be approved by shareholders of the Company in general meeting. The amended terms of the Share Option Scheme or the options to be granted thereunder must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules from time to time.

(q) *Termination of Share Option Scheme*

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

(r) *Cancellation of options granted*

Subject to the consent from the relevant Grantee, the board of Directors may in its discretion cancel options previously granted to, and yet to be exercised by, such Grantee for the purpose of re-issuing new options to such Grantee provided that such cancellation has been approved by shareholders in general meeting and there are sufficient available unissued options (excluding such cancelled options) for such re-issuance under the Scheme Mandate Limit.

## **2. Present status of the Share Option Scheme**

The Share Option Scheme is conditional on the GEM Listing Committee granting 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.

The Share Option Scheme shall be administered by a committee including the independent non-executive Directors of the Company.

## **3. Summary of terms of the Pre-IPO Share Option Plan**

The purpose of the Pre-IPO Share Option Plan is to recognise the contribution of certain persons to the growth of the Group and/or to the listing of Shares on GEM. The principal terms of the Pre-IPO Share Option Plan, approved by resolutions of the shareholders of the Company dated 7th December, 2001 are the same as the terms of the Share Option Scheme except that:

- (a) the subscription price for Shares is set out in the table below;
- (b) the total number of Shares subject to the Pre-IPO Share Option Plan is 60,000,000;
- (c) save for the options which have been granted (see below) no further options will be offered or granted, as the right to do so will terminate on the listing of the Shares on GEM;
- (d) the Options granted under the Pre-IPO Share Option Plan are to employees (including non-executive Directors) and consultants of the Group and to those persons who have contributed to the Group or to the listing of the Placing Shares on GEM; and
- (e) there are no similar restrictions on the maximum number of Shares and the granting of options as summarised in sub-paragraphs (c) and (d) of the paragraph headed "Summary of terms of the Share Option Scheme" respectively under the section headed "Share Options" in this Appendix.

## **4. Outstanding options under the Pre-IPO Share Option Plan**

As at the date of this prospectus, options to subscribe for an aggregate of 60,000,000 Shares (representing approximately 10% of the issued share capital of the Company upon completion of the Placing and the Capitalisation Issue but before enlargement by the allotment and issue of Shares pursuant to the exercise of the Over-allotment Option and the exercise of options granted or to be granted under the Pre-IPO Share Option Plan and the Share Option Scheme) have been granted by the Company under the Pre-IPO Share Option Plan. The allotment of Shares upon the exercise of share options is conditional upon, inter alia, the GEM Listing Committee granting the listing of and permission to deal in the Shares in issue and to be issued as mentioned herein. All of these options have a duration of 10 years from 7th December 2001. Options shall lapse if the relevant grantee ceases to be employed by or appointed by the Group or ceases to be a Director other than by reason of death or cessation of employment by virtue of inter alia, misconduct, bankruptcy or dishonesty. There are different levels of discount given to the grantees on the basis that each grantee had given different levels of contribution to the Group at different stages of development and growth and are also based on the seniority of such grantee. The term of grant of options to

the Directors and the senior management of the Group under the Pre-IPO Share Option Plan provides that such options may not be exercisable for the first twelve month period from the Listing Date. Particulars of the outstanding options granted are set out below:

| Name of grantee            | Address   | Number of underlying Shares | % of Issued share capital | Title/position     | Subscription Price (HK\$)  |
|----------------------------|---|-----------------------------|---------------------------|--------------------|--|
| Mr. Yu Hang Chung, Herman  | Room 102, 13th Floor, Imperial Court, 79 Waterloo Road, Kowloon, Hong Kong              | 7,680,000                   | 1.28%                     | executive Director | 1,280,000 at 30% discount to Offer Price   |
|                            |   |                             |                           |                    | 6,400,000 at 70% discount to Offer Price   |
| Mr. Ng Wing Hong           | Flat 3, 2nd Floor, Kam Chun House, Tung Chun Court, Shau Kei Wan, Hong Kong             | 5,760,000                   | 0.96%                     | senior management  | 1,280,000 at 30% discount to Offer Price   |
|                            |   |                             |                           |                    | 4,480,000 at 70% discount to Offer Price   |
| Mr. Suen Kwok Kin          | 13th Floor, 100 Robinson Road, Hong Kong  | 5,760,000                   | 0.96%                     | executive Director | 1,280,000 at 30% discount to Offer Price   |
|                            |   |                             |                           |                    | 4,480,000 at 70% discount to Offer Price   |
| Mr. Kam Chun Ying, Francis | Flat 15 D, Block 24, City One, Shatin, New Territories, Hong Kong                       | 5,760,000                   | 0.96%                     | executive Director | 1,280,000 at 30% discount to Offer Price   |
|                            |   |                             |                           |                    | 4,480,000 at 70% discount to Offer Price   |
| Mr. Cheng Yu Hong          | 4C, 70 Conduit Road, Mid-Levels, Hong Kong  | 6,722,500                   | 1.12%                     | executive Director | 5,422,500 at 50% discount to Offer Price   |
|                            |   |                             |                           |                    | 1,300,000 at 70% discount to Offer Price   |
| Mr. Chan Kwok Wai, Andrew  | 4G, Tower 10, Lakeside de Garden, 1 Chui Tong Road, Sai Kung, Hong Kong                 | 2,540,000                   | 0.42%                     | senior management  | 2,540,000 at 50% discount to Offer Price   |
| Mr. Lo Hoi Keung           | Suite 3207, 32nd Floor Tower B, Galaxia, Diamond Hill, Kowloon, Hong Kong               | 1,900,000                   | 0.32%                     | senior management  | 1,900,000 at 50% discount to Offer Price   |
| Ms. Lam Ching Shan         | Flat G, 6th Floor, Kai King Building, 12 Yuet Wah Street, Kwun Tong, Kowloon, Hong Kong | 4,927,500                   | 0.82%                     | senior management  | 4,777,500 at 50% discount to Offer Price<br>150,000 at 30% discount to Offer Price |
| Mr. Tang Gan Gene          | 11th Floor, 90 Waterloo Road, Kowloon, Hong Kong  | 1,500,000                   | 0.25%                     | senior management  | 1,500,000 at 50% discount to Offer Price   |

| Name of grantee                   | Address  | Number of underlying Shares | % of Issued share capital | Title/position                  | Subscription Price (HK\$)                |
|-----------------------------------|--|-----------------------------|---------------------------|---------------------------------|--|
| Mr. So Wan<br>(Note 1)            | Flat G, 40th Floor, Block 4, Metropolis, Tsueng Kwan O, Kowloon, Hong Kong | 1,200,000                   | 0.20%                     | business consultant<br>(Note 7) | 1,200,000 at 30% discount to Offer Price |
| Mr. Woo Chia-wei                  | SSQ Tower 19, Flat 5B, HKUST Clearwater Bay, Hong Kong                     | 2,000,000                   | 0.33%                     | non-executive Director          | 2,000,000 at 30% discount to Offer Price |
| Mr. Lam Sze Chau<br>(Note 2)      | Flat C3, 8th Floor, Block C, Elizabeth House, Gloucester Road, Hong Kong   | 1,900,000                   | 0.32%                     | business consultant<br>(Note 7) | 1,900,000 at 50% discount to Offer Price |
| Mr. James N. Borton<br>(Note 3)   | 1 Timber Lane Westport CT 06880 USA  | 300,000                     | 0.05%                     | business consultant<br>(Note 7) | 300,000 at 30% discount to Offer Price   |
| Mr. Wu Ming Wai Louie<br>(Note 4) | 14B, Merry Court, 10 Castle Road, Mid-Levels, Hong Kong                    | 800,000                     | 0.13%                     | business consultant<br>(Note 7) | 800,000 at 50% discount to Offer Price   |
| Ms. Chiang Lai Wan<br>(Note 5)    | Tatiara, Lot No. 561, in.D.D. 187, Shatin, New Territories, Hong Kong      | 2,000,000                   | 0.33%                     | business consultant<br>(Note 7) | 2,000,000 at 30% discount to Offer Price |
| Mr. Lai Yiu Keung<br>(Note 6)     | 19B, Serene Court, 41 Tin Hau Temple Road, Hong Kong                       | 2,000,000                   | 0.33%                     | business consultant<br>(Note 7) | 2,000,000 at 50% discount to Offer Price |
| Mr. Auyeung Hui                   | 5/F, 361 Prince Edward Road, Kowloon, Hong Kong                            | 500,000                     | 0.09%                     | employee                        | 500,000 at 50% discount to Offer Price   |
| Ms. Carmen Lee                    | 2B, 252-256 Prince Edward Road West, Kowloon, Hong Kong                    | 350,000                     | 0.06%                     | employee                        | 350,000 at 50% discount to Offer Price   |
| Ms. Cheng Lai Fun                 | 8D, Block 6, Castello, 69 Siu Lek Yuen Road, New Territories, Hong Kong    | 200,000                     | 0.03%                     | employee                        | 200,000 at 50% discount to Offer Price   |
| Ms. Huang An Lee                  | 6H, 129 King's Road, Hong Kong   | 100,000                     | 0.02%                     | employee                        | 100,000 at 50% discount to Offer Price   |
| Ms. Kan Man Chi                   | 28C, Block 1, Villa Athen, Ma On Shan, New Territories, Hong Kong          | 400,000                     | 0.07%                     | employee                        | 400,000 at 50% discount to Offer Price   |

| Name of grantee    | Address  | Number of underlying Shares | % of Issued share capital | Title/position | Subscription Price (HK\$)              |
|--------------------|--|-----------------------------|---------------------------|----------------|--|
| Mr. Kwok Chi Fai   | Room 2, Flat 14, Ning Fu House, Tin Fu Court, Tin Shui Wai, New Territories, Hong Kong | 250,000                     | 0.04%                     | employee       | 250,000 at 50% discount to Offer Price |
| Mr. Lai King Chiu  | 9H, Block One, Casades, 93 Chung Hau Street, Homantin, Hong Kong                       | 500,000                     | 0.08%                     | employee       | 500,000 at 50% discount to Offer Price |
| Ms. Lam Mei Ki     | 1912, Shek Kai House, Shek Lei Estate, Kwai Chung, New Territories, Hong Kong          | 300,000                     | 0.05%                     | employee       | 300,000 at 50% discount to Offer Price |
| Ms. Lam Shuk Man   | 3/F, 111 Belcher's Street, Kennedy Town, Hong Kong                                     | 300,000                     | 0.05%                     | employee       | 300,000 at 50% discount to Offer Price |
| Mr. Lau Kin Chung  | 1210, Wang Mei House, Tin Wang Court, Wong Tai Sin, Kowloon, Hong Kong                 | 500,000                     | 0.09%                     | employee       | 500,000 at 50% discount to Offer Price |
| Mr. Lau Wing Chung | 2121, Tsui Ning House, Tsui Wan Estate, Chai Wan, Hong Kong                            | 250,000                     | 0.04%                     | employee       | 250,000 at 50% discount to Offer Price |
| Ms. Lee Ming Chu   | Flat 13, 22/F, Foon Yan House, Tung Yan Court, Sai Wan Ho, Shau Kei Wan, Hong Kong     | 100,000                     | 0.02%                     | employee       | 100,000 at 50% discount to Offer Price |
| Mr. Leung Kwun Tin | Flat 5, 7/F, Block Q, Luk Yeung Sun Chuen, Tsuen Wan, New Territories, Hong Kong       | 250,000                     | 0.04%                     | employee       | 250,000 at 50% discount to Offer Price |
| Mr. Liu Kin Kei    | 2802, Yin Tai House, Fu Tai Estate, Tuen Mun, New Territories, Hong Kong               | 300,000                     | 0.05%                     | employee       | 300,000 at 50% discount to Offer Price |
| Ms. Luk Nga Yee    | 1923, Tsuen Wing Lau, Lai Tak Tsuen, Hong Kong   | 250,000                     | 0.04%                     | employee       | 250,000 at 50% discount to Offer Price |
| Ms. Mok Wai Ming   | Lot 112, Sha Kong Wai, Lau Fau Shan, Yuen Long, New Territories, Hong Kong             | 300,000                     | 0.05%                     | employee       | 300,000 at 50% discount to Offer Price |

| Name of grantee   | Address   | Number of underlying Shares | % of Issued share capital | Title/position | Subscription Price (HK\$)              |
|-------------------|---|-----------------------------|---------------------------|----------------|--|
| Mr. Poon Wai Hoi  | 9/F,<br>464 Lockhart Road,<br>Hong Kong   | 400,000                     | 0.07%                     | employee       | 400,000 at 50% discount to Offer Price |
| Mr. Shek Wing Yin | Flat 5, 5/F,<br>Polun House,<br>Siu Lun Court,<br>Tuen Mun,<br>New Territories,<br>Hong Kong          | 250,000                     | 0.04%                     | employee       | 250,000 at 50% discount to Offer Price |
| Mr. Tjia To Nin   | 9A, Tower 2,<br>The Metropolis,<br>8 Mau Yip Road,<br>Tseung Kwan O,<br>New Territories,<br>Hong Kong | 250,000                     | 0.04%                     | employee       | 250,000 at 50% discount to Offer Price |
| Mr. Wan Kam Kwan  | 22G, Block 6,<br>Parkland Villas,<br>Tuen Mun, Hong Kong  | 250,000                     | 0.04%                     | employee       | 250,000 at 50% discount to Offer Price |
| Mr. Wong Lui      | 9B, Block 4,<br>Well On Garden,<br>Junk Bay, Kowloon,<br>Hong Kong                                    | 350,000                     | 0.06%                     | employee       | 350,000 at 50% discount to Offer Price |
| Mr. Yam Wai Sun   | 21C,<br>8 Wah King Hill Road,<br>Kwai Chung,<br>New Territories,<br>Hong Kong                         | 400,000                     | 0.07%                     | employee       | 400,000 at 50% discount to Offer Price |
| Mr. Yip Kin Fung  | 15G, Block 3<br>Highland Park,<br>11 Lai Kong Street,<br>Kwai Chung,<br>New Territories,<br>Hong Kong | 250,000                     | 0.04%                     | employee       | 250,000 at 50% discount to Offer Price |
| Mr. Yiu Kit       | 3414, Tung On House,<br>Lei Tung Estate,<br>Ap Lei Chau,<br>Hong Kong                                 | 250,000                     | 0.04%                     | employee       | 250,000 at 50% discount to Offer Price |
| Total:            |   | <u>60,000,000</u>           | <u>10.00%</u>             |                |  |

## Notes:

1. Mr. So Wan is a financial consultant who assisted the Group in developing its business plan and strategies in the beginning of year 2000 and assisted the management in designing the Group's organisation structure.
2. Mr. Lam Sze Chau is a business consultant who introduced the Group to the relevant education authority in Sichuan, the PRC and assisted the Group in its negotiations with such authority in the PRC in respect of the sales of the Group's e-Education products.
3. Mr. James N. Borton contributed to the Group in respect of the conceptual development of Openday.com and assisted the Group by referring US-based e-Education-related companies, including content providers and solution providers, to the Group. Mr. James N. Borton is a journalist.
4. Mr. Wu Ming Wai Louie is a business consultant who contributed to the Group in the past by assisting the Group in providing professional advice in the establishment of wholly-owned foreign enterprises in the PRC and related co-ordination work in the PRC. Mr. Wu is a certified public accountant in Hong Kong.

5. Ms. Chiang Lai Wan is a business consultant who contributed to the Group in the past by assisting the Group in establishing marketing connections in the PRC in respect of the sales of the Group's products. Miss Chiang is a merchant and a member of Political Consultative Conference, PRC.
6. Mr. Lai Yiu Keung is a business consultant who contributed to the Group by advising the Company on the listing of the Shares on GEM. Mr. Lai is a merchant and the chairman of HyComm.
7. These business consultants of the Group do not receive any salaries or fees for their contribution to the Group since these business consultants are appointed by the Group on an ad hoc basis.

## E. OTHER INFORMATION

### 1. Estate duty, tax and property indemnities

Each of Super Code Limited, HyComm, Mr. Cheng Yu Hong, Mr. Suen Kwok Kin, Mr. Kam Chun Ying, Francis, Mr. Ng Wing Hong, Ms. Lam Ching Shan and Mr. Yu Hang Chung, Herman (collectively the "Indemnifiers") has entered into a deed of indemnity with and in favour of the Company (for itself and as trustee for its subsidiaries and associated companies) (being the material contract mentioned in paragraph (p) under the section headed "Summary of material contracts" section of 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, Chapter 111 of the Laws of Hong Kong) to any member of the Group on or before the date on which the Placing becomes unconditional.

Under the deed of indemnity, the Indemnifiers have also given indemnities in favour of the Group on a joint and several basis in relation to, among other things, 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 may, however, not be liable under the deed of indemnity for taxation where:

- (a) to the extent that provision has been made for such taxation in the audited accounts of any member of the Group up to 30th September, 2001;
- (b) the taxation falling on any member of the Group in respect of their current accounting periods or any accounting period commencing on or after 1st October, 2001 unless the liability of such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of the Group with the prior written consent or agreement of the Indemnifiers otherwise than any such act, omission or transactions:
  - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before 30th September, 2001;
  - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 30th September, 2001 or pursuant to any statement of intention made in this prospectus;
  - (iii) consisting of any member of the Group ceasing, or being deemed to cease to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation; or
- (c) to the extent of any provisions or reserve made for any taxation in the audited accounts of any member of the Group up to 30th September, 2001 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or
- (d) the taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or practice coming into force after the date on which the Placing becomes unconditional or to the extent that such taxation arises or is increased by an increase in rates of taxation after the date on which the Placing becomes unconditional with retrospective effect.

The Indemnifiers have also given indemnifies, on a joint and several basis, in relation to, among other things, any costs, expenses, fees, claims, losses, damages, liabilities and proceedings which may be incurred or suffered by the Group arising from the Group's being evicted from its registered office situated at Units Nos. 01, 02, 03, 04 and 05 on the 28th Floor of Island Place Tower, Island Place, No. 510 King's Road, Hong Kong for the reason that there is and/or has been a breach of the non-alienation provision of the tenancy agreement in respect of such property.

## 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

Deloitte has made an application on behalf of the Company to the GEM Listing Committee for a listing of, and permission to deal in, 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 or to be granted under the Pre-IPO Share Option Plan and the Share Option Scheme.

## 4. Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately HK\$10,000 and are payable by the Company.

## 5. Promoter and Vendor

The promoter of the Company is Mr. Yu Hang Chung, Herman. Save as disclosed in this prospectus, no cash, securities or other benefit has been paid, allotted or given to the promoter in connection with the Placing or related transactions described in this prospectus within the two years preceding the date of this prospectus.

The Vendor is Super Code Limited, a company incorporated in the British Virgin Islands whose registered address is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The Vendor is an investment holding company. The Vendor is offering 44,760,000 Shares for sale.

## 6. Qualification of experts

| Name                         | Qualification                | Documents           |
|------------------------------|------------------------------|---------------------|
| PricewaterhouseCoopers       | Certified Public Accountants | Accountants' report |
| Sallmanns (Far East) Limited | Chartered Surveyor           | Property valuation  |

## 7. Consents of experts

Each of PricewaterhouseCoopers and Sallmanns (Far East) Limited 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.

## 8. 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.



**9. Miscellaneous**

Save as disclosed in this prospectus:–

- (a) 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;
- (b) 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;
- (c) no founder, management or deferred shares of the Company have been issued or agreed to be issued;
- (d) 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;
- (e) within the two years immediately preceding the date of this prospectus, no commission (excluding underwriting and sub-underwriting commissions) has been paid or payable for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any Shares;
- (f) there is no minimum subscription which must be received by the Company under the Placing; and
- (g) since 30th September, 2001, there has been no material adverse change in the financial or trading position or prospects of the Group.