

APPENDIX IV STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT THE COMPANY

Incorporation

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 5th July, 2001.

The Company has established a place of business in Hong Kong at Room 2205B, 22nd Floor, 9 Queen's Road Central and was registered as an overseas company under Part XI of the Companies Ordinance on 11th October, 2001. In connection with such registration, Mr. Anthony Chan has been appointed as an agent of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. When the Registrar of Companies in Hong Kong subsequently served a notice to the Company indicating that its English name is the same as or too like the name of a company incorporated in Hong Kong, the Company applied to and was approved by the Registrar of Companies on 23rd January, 2002 for adopting a trading name, German Automobiles International Limited, to carry on business in Hong Kong, so as to avoid any confusion to the public.

As the Company was incorporated in the Cayman Islands and is subject to Cayman Islands company law, its constitution comprises a memorandum of association and the Articles. A summary of certain relevant parts of the Company's constitution and certain relevant aspects of the Cayman Islands company law is set out in appendix III to this prospectus.

Changes in share capital of the Company

At the date of incorporation of the Company, its authorised share capital was HK\$100,000 divided into 10,000,000 shares of a nominal value of HK\$0.01 each, of which one share was issued nil paid on 16th July, 2001 to Codan Trust Company (Cayman) Limited and subsequently transferred to Mr. Anthony Chan on the same day.

On 5th June, 2002, nine additional shares of HK\$0.01 each were issued nil paid by the Company to Mr. Anthony Chan.

On 5th June, 2002, the authorised share capital (including the issued and unissued share capital) of the Company was consolidated into 1,000,000 Shares of HK\$0.10 each.

On 5th June, 2002, the authorised share capital of the Company was increased from HK\$100,000 to HK\$200,000,000 by the creation of an additional 1,999,000,000 Shares.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

On 5th June, 2002, in accordance with the share swap agreement referred to in the paragraph headed “Summary of material contracts” in this appendix, the Company acquired from Mr. Anthony Chan, L&B, Comfort (China), Mr. Loh Kim Her, Mr. Henry Tan Song Kok and Mr. Sitoh Yih Pin, the entire issued share capital of GAPL, and in consideration thereof (i) 127,419,376, 75,374,927, 61,667,570, 49,508,132, 3,014,997 and 3,014,997 Shares, credited as fully paid up, were allotted and issued to Tycoons Investment (as nominee of Mr. Anthony Chan), L&B, Comfort (China), Affluence Investment (as nominee of Mr. Loh Kim Her), Mr. Henry Tan Song Kok and Mr. Sitoh Yih Pin respectively; and (ii) the then existing one consolidated and nil paid Share held by Mr. Anthony Chan was credited as fully paid up at par. Mr. Anthony Chan also transferred such Share to Tycoons Investment.

On 5th June, 2002, in accordance with the share sale agreements referred to in the paragraph headed “Summary of material contracts” in this appendix, 188,316,430 Shares held as to 95,419,377, 59,374,927, 33,508,132, 6,997 and 6,997 Shares respectively by Tycoons Investment, L&B, Affluence Investment, Mr. Henry Tan Song Kok and Mr. Sitoh Yih Pin were transferred to Loh & Loh, Big Reap Investment, Zhongqi Technology, Mr. Gao Ji Xin, Ms. Yeoh Cheng Yew, Mr. Wong Chi Fung and Mr. Lee Chung as to 94,432,000, 32,000,000, 19,196,430, 12,000,000, 12,000,000, 9,344,000 and 9,344,000 Shares respectively.

Immediately following the completion of the Placing, the authorised share capital of the Company will be HK\$200,000,000 divided into 2,000,000,000 Shares and the issued share capital will be HK\$40,000,000 divided into 400,000,000 Shares (each of which will be fully paid or credited as fully paid) and 1,600,000,000 Shares will remain unissued. Other than the Shares issuable pursuant to the exercise of the general mandate referred to in the paragraph headed “Written resolutions of the sole shareholder of the Company passed on 5th June, 2002” in this appendix, the Directors have no present intention to issue any part of the authorised but unissued capital of the Company, and without the prior approval of the members of the Company in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

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

Written resolutions of the sole shareholder of the Company passed on 5th June, 2002

Pursuant to the written resolutions of the sole shareholder of the Company passed on 5th June, 2002, among other matters:

- (a) conditional on the GEM Listing Committee granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein and the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by Cash (for and on behalf of the Underwriters)), and not being terminated in accordance with the terms of that agreement or otherwise, the Placing upon the terms set out in this prospectus was approved.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

- (b) subject to paragraph (a) above, the proposed issue and allotment of not less than 80,000,000 New Shares by way of new issue and Placing, and the proposed transfer of not less than 20,000,000 Sale Shares by way of offer for sale by Loh & Loh pursuant to the Placing, were approved;
- (c) subject to paragraph (a) above, the listing of the Shares on GEM was approved;
- (d) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to allot, issue and deal with Shares or securities convertible into such Shares in the unissued share capital of the Company, including all powers of the Company to establish any agreements or grant any options to do any of the foregoing, otherwise than by way of rights issue or an issue of Shares pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in accordance with the Articles, was generally and unconditionally authorised, provided that the aggregate nominal amount of the Shares so allotted shall not exceed 20% of the total nominal value of the share capital of the Company in issue immediately after the completion of the Placing, and such mandate to remain in effect until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing such mandate (the “Relevant Period”).
- (e) the exercise by the Directors during the Relevant Period of all powers of the Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange, subject to and in accordance with all applicable laws and/or requirements of the GEM Listing Rules or of any such other stock exchange on which the securities of the Company may be listed as amended from time to time, was authorised, provided that the aggregate nominal amount of securities to be purchased by the Company shall not exceed 10% of the total nominal value of the share capital of the Company in issue immediately following completion of the Placing;

APPENDIX IV STATUTORY AND GENERAL INFORMATION

- (f) the general and unconditional mandate mentioned in paragraph (d) above was extended by the addition thereto of an amount representing the aggregate nominal amount of securities of the Company repurchased by the Company pursuant to the mandate to repurchase securities referred to in paragraph (e) above, provided that such extended amount shall not exceed 10% of total nominal value of the share capital of the Company in issue immediately following completion of the Placing;
- (g) the Company adopted the new Articles.

Corporate reorganisation

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

- (a) On 5th July, 2001, the Company was incorporated.
- (b) On 5th June, 2002, pursuant to a share swap agreement referred to in subparagraph 2. of the paragraph headed “Summary of material contracts” in this appendix, all of the then existing 7,876,996 shares of SGD1.00 each in GAPL held as to 3,136,506, 1,855,400, 1,517,985, 1,218,673, 74,216 and 74,216 shares respectively by the then existing shareholders Mr. Anthony Chan, L&B, Comfort (China), Mr. Loh Kim Her, Mr. Henry Tan Song Kok and Mr. Sitoh Yih Pin were transferred to the Company, in consideration of which 127,419,376, 75,374,927, 61,667,570, 49,508,132, 3,014,997 and 3,014,997 new Shares, credited as fully paid up, were issued and allotted by the Company to Tycoons Investment (as nominee of Mr. Anthony Chan), L&B, Comfort (China), Affluence Investment (as nominee of Mr. Loh Kim Her), Mr. Henry Tan Song Kok and Mr. Sitoh Yih Pin respectively, and the then existing one nil paid Share held by Mr. Anthony Chan was credited as fully paid up. Such Share was also immediately transferred by Mr. Anthony Chan to Tycoons Investment.
- (c) On 5th June, 2002, pursuant to share sale agreements referred to in subparagraph 3. of the paragraph headed “Summary of material contracts” in this prospectus, 188,316,430 Shares held as to 95,419,377, 59,374,927, 33,508,132, 6,997 and 6,997 Shares respectively by Tycoons Investment, L&B, Affluence Investment, Mr. Henry Tan Song Kok and Mr. Sitoh Yih Pin were transferred to Loh & Loh, Big Reap Investment Limited, Zhongqi Technology, Mr. Gao Ji Xin, Ms. Yeoh Cheng Yew, Mr. Wong Chi Fung and Mr. Lee Chung as to 94,432,000, 32,000,000, 19,196,430, 12,000,000, 12,000,000, 9,344,000 and 9,344,000 Shares respectively.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

- (d) On 5th June, 2002, pursuant to a sale and purchase agreement referred to in subparagraph (e) of the paragraph headed “Summary of material contracts” in this appendix, all of the existing 20,000 shares of HK\$1.00 each in GAL held by GAPL were transferred to the Company, for a cash consideration of HK\$20,000.

Following the Reorganisation, the Company became the holding company of the Group.

Changes in the share capital of subsidiaries

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

Save as disclosed in the paragraph headed “Corporate reorganisation” in this appendix, 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 for the purposes of the listing of Shares mentioned in this prospectus.

Subsidiaries in which the Company has investment in the PRC

Brief particulars of the operating subsidiaries of the Company set up in the PRC are set out below:

- (a) **China National Auto Anhua (Tianjin) International Trade Co., Ltd. (中汽安華(天津)國際貿易有限公司)**

Date of establishment:	1st April, 1999
Place of establishment:	the PRC
Nature:	sino-foreign equity joint venture
Chinese partner:	North Anhua Group Corporation (北方安華集團公司)
Scope of business:	international trade, simple processing, development of high technology product and provision of related consultancy services, provision of bonded warehouse storage agency services, display of automobiles and related accessories
Registered capital:	US\$1,000,000
Total amount of investment:	US\$1,000,000
Term:	10 years from 1st April, 1999 to 31st March, 2009
Directors:	Anthony Chan, Loh Kim Her, Loh Nee Peng (directors nominated by the Group) Li Gang, Zhao Gui Ming (directors nominated by the Chinese party)

APPENDIX IV STATUTORY AND GENERAL INFORMATION

(b) **Xiamen BMW Automobiles Service Co., Ltd. (廈門寶馬汽車維修有限公司)**

Date of establishment:	8th January, 1994
Place of establishment:	the PRC
Nature:	sino-foreign co-operative joint venture
Chinese partner:	Xiamen Economic Special Zone Transportation Corporation (廈門經濟特區運輸總公司)
Scope of business:	provision of repair and maintenance services for high-end automobiles
Registered capital:	US\$3,000,000 (solely contributed by the Group) (The Chinese partner provided co-operative condition in the form of a land use right)
Total amount of investment:	US\$3,000,000
Term:	16 years from 8th January, 1994 to 8th January, 2010
Directors:	Anthony Chan, Loh Kim Her, Chan Xiao Li (directors nominated by the Group) Gao Wenzhen, Liu Yong Bing (directors nominated by the Chinese party)
Profit sharing terms:	During the first 3 years after incorporation, the Chinese partner is entitled to a fixed annual amount of US\$50,000. Commencing from the 4th year and thereafter, the Chinese partner is entitled to such fixed annual amount plus a 5% increment per year. The Group is entitled to all balances after the Chinese partner's share of such profits

APPENDIX IV STATUTORY AND GENERAL INFORMATION

REPURCHASE BY THE COMPANY OF ITS OWN SECURITIES

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

(a) **The GEM Listing Rules**

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

(i) *Shareholders' approval*

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

Note: Pursuant to the written resolutions of the sole shareholder of the Company passed on 5th June, 2002, a general unconditional mandate was given to the Directors authorising any repurchase by the Company of Shares on GEM or on any other stock exchange recognised by the SFC and the Stock Exchange of up to 10% of the total nominal value of the share capital of the Company in issue immediately after completion of the Placing, at any time until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held or the passing of an ordinary resolution of shareholders of the Company in general meeting revoking, varying or renewing such mandate, whichever occurs first (the "Buyback Mandate").

(ii) *Source of funds*

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

APPENDIX IV STATUTORY AND GENERAL INFORMATION

(iii) *Trading restrictions*

A company is authorised to repurchase on GEM or on any other stock exchange recognised by the Securities and Futures Commission in Hong Kong and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate nominal value of the existing issued share capital of that company. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on GEM or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. A company is also prohibited from making securities repurchases on GEM if the result of the repurchases would be that the number of the listed securities in public hands would be below the relevant prescribed minimum percentage for that company as determined by the Stock Exchange. A company may only purchase shares on GEM if (1) the purchase price is not 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; and (2) the company has not made the opening bid nor any bid in the last 30 minutes before the close of normal trading hours as stipulated in the Rules of the Stock Exchange.

(iv) *Status of repurchased securities*

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased shares shall be treated as cancelled and the amount of the Company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the Company will not be reduced.

(v) *Suspension of repurchase*

Any securities repurchase programme is required to be suspended after a price-sensitive development has occurred or has been the subject of directors' decision until the price-sensitive information is made publicly available. In particular, during the period of one month immediately preceding either the preliminary announcement of a company's annual results or the publication of the company's half-year report or quarterly report, a company may not purchase its securities on GEM unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of securities on GEM if a company has breached the GEM Listing Rules.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

(vi) *Reporting requirements*

Repurchases of securities on GEM or otherwise must be reported to the Stock Exchange 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 purchase price per share or the highest and lowest 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 purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion 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*

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

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

Exercise in full of the Buyback Mandate, on the basis of 400,000,000 Shares in issue immediately after listing of the Shares (taking no account of any Shares which may be issued upon the exercise the Over-allotment Option if applicable) could accordingly result in up to 40,000,000 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the repurchase mandate by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first.

(c) **Reasons for repurchases**

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

APPENDIX IV STATUTORY AND GENERAL INFORMATION

(d) Funding of repurchases

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Articles and the applicable laws and regulations of the Cayman Islands.

(e) General

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

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

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

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

FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

Summary of material contracts

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

- (a) a share transfer agreement dated 4th July, 2000 between GAPL, North Anhua, Sunlung Distributions Ltd. and Xiamen Xiangyu Jinbow under which the group disposed of its 80% equity interest in Xiamen Xiangyu Jinbow to Sunlung Distributions Ltd.;
- (b) a subscription agreement dated 22nd August, 2000 between Comfort (China) and GAPL under which Comfort (China), in anticipation of GAPL's proposed listing on the Singapore Exchange Securities Trading Limited, agreed to subscribe for 455,396 shares in GAPL for a cash consideration;










APPENDIX IV STATUTORY AND GENERAL INFORMATION

- (c) a share swap agreement dated 5th June, 2002 between the Company, Mr. Anthony Chan, L&B, Comfort (China), Mr. Loh Kim Her, Mr. Henry Tan Song Kok and Mr. Sitoh Yih Pin under which the Company agreed to purchase all shares in GAPL, in consideration of which the Company issued new Shares to Tycoons Investment, L&B, Comfort (China), Affluence Investment, Mr. Henry Tan Song Kok and Mr. Sitoh Yih Pin;
- (d) share sale agreements dated 5th June, 2002 between Tycoons Investment, L&B, Affluence Investment, Mr. Henry Tan Song Kok, Mr. Sitoh Yih Pin, Loh & Loh, Big Reap Investment, Zhongqi Technology, Mr. Gao Ji Xin, Ms. Yeoh Cheng Yew, Mr. Wong Chi Fung and Mr. Lee Chung under which sale and purchase of 188,316,430 Shares were effected among the parties;
- (e) a sale and purchase agreement dated 5th June, 2002 between the Company and GAPL under which GAPL agreed to transfer all shares in GAL to the Company;
- (f) the Underwriting Agreement dated 10th June, 2002 entered into between the Company, the covenantors as defined therein, the executive Directors and the Underwriters referred to in the section headed “Underwriting” in this prospectus;
- (g) a deed of indemnity dated 5th June, 2002 given by Mr. Anthony Chan and Mr. Loh Kim Her in favour of the Group, containing, among other things, indemnities in respect of taxation referred to in the paragraph headed “Estate duty, tax and other indemnities” in this appendix;
- (h) a deed of indemnity and guarantee dated 5th June, 2002 given by Mr. Anthony Chan, Mr. Loh Kim Her and Loh & Loh in favour of the Group, containing, among other things, indemnities in respect of the CNA Anhua (Hertz)’s and North Anhua’s failure to obtain appropriate title certificates for the co-operation projects referred to in the paragraph headed “Estate duty, tax and other indemnities” in this appendix;
- (i) a sale share proceeds escrow agreement dated 5th June, 2002 between Loh & Loh, the Group and Scotiitrust (Asia) Limited under which Loh & Loh placed in escrow HK\$10 million in connection with its role as a guarantor in the deed of indemnity and guarantee mentioned in paragraph (h) above;
- (j) three further escrow agreements dated 5th June, 2002 between Mr. Anthony Chan, Mr. Loh Kim Her, Tycoons Investment, Affluence Investment, Loh & Loh and Scotiitrust (Asia) Limited under which 77,148,000 Shares were placed in escrow as security in favour of the Group pursuant to the deed of indemnity and guarantee mentioned in paragraph (h); and
- (k) a sponsor’s agreement dated 10th June, 2002 between the Company and Cash under which the Company agreed to appoint and Cash agreed to accept the appointment as sponsor of the Company for the term commencing on 17th June, 2002 and expiring on 31st December, 2004.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Intellectual property

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

Trademark	Class	Application number	Application date	Place of Application
	12 <i>Note 1</i>	2001/15205	18th September, 2001	Hong Kong
	35 <i>Note 2</i>	2001/15206	18th September, 2001	Hong Kong
	37 <i>Note 3</i>	2001/15207	18th September, 2001	Hong Kong
	12 <i>Note 1</i>	T01/14963J	20th September, 2001 (priority date: 18th September, 2001)	Singapore
	35 <i>Note 2</i>	T01/14964I	20th September, 2001 (priority date: 18th September, 2001)	Singapore
	37 <i>Note 3</i>	T01/14965G	20th September, 2001 (priority date: 18th September, 2001)	Singapore
	12 <i>Note 1</i>	2001192636	17th October, 2001 (priority date: 18th September, 2001)	China
	35 <i>Note 2</i>	2001192637	17th October, 2001 (priority date: 18th September, 2001)	China
	37 <i>Note 3</i>	2001192638	17th October, 2001 (priority date: 18th September, 2001)	China

Notes:

- Principal types of products/services cover devices, accessories, parts and fittings of automobiles, vehicles and motor cars including bodies, upholstery, tyres, hoods, chassis thereof etc.
- Principal types of products/services cover import and export agency services, wholesaling, rental store services, retail services for, distribution of and provision of marketing information relating to motor vehicles and parts and fittings thereof etc.
- Principal types of products/services cover repair and maintenance of motor vehicles, building construction, installing services, advisory and consultancy services relating to motor vehicles and parts and fittings thereof etc.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT DIRECTORS, SENIOR MANAGEMENT AND STAFF

Directors

Each of the executive Directors is, to such extent as relevant to him, interested in the material contracts set out in the paragraph headed “Summary of material contracts” under the section headed “Further information about the business of the Group” in this appendix.

Save as disclosed below, immediately following completion of the Placing, none of the Directors and chief executive has any beneficial interests in the share capital of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which will have to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which they are taken or deemed to have under section 31 of, or Part 1 of the Schedule to, the SDI Ordinance) once the Shares are listed, or 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 will be as follows:

Name of Director	Type of interest	Number of Shares	Approximate percentage of Shareholding
Mr. Loh Kim Her	Corporate ⁽¹⁾	106,432,000	26.61%
Mr. Anthony Chan	Corporate ⁽²⁾	106,432,000	26.61%
Mr. Loh Nee Peng	Corporate ⁽³⁾	106,432,000	26.61%

Notes:

- (1) The registered holders of 16,000,000 Shares, 74,432,000 Shares and 16,000,000 Shares are Affluence Investment, Loh & Loh and L&B, respectively. Mr. Loh Kim Her beneficially holds 100%, 15% and 18.94% equity interests in Affluence Investment, Loh & Loh and L&B, respectively. The remaining 81.06% equity interest in L&B is beneficially held by the Loh family. As Mr. Loh Kim Her is entitled to exercise more than one third of the voting power of Affluence Investment, and that Loh & Loh and L&B are accustomed to act in accordance with Mr. Loh Kim Her's directions, he is deemed to be interested in 106,432,000 Shares held by these three companies.
- (2) The registered holders of 32,000,000 Shares and 74,432,000 Shares are Tycoons Investment and Loh & Loh, respectively. Mr. Anthony Chan beneficially holds 100% and 49% equity interests in Tycoons Investment and Loh & Loh, respectively, and is deemed to be interested in 106,432,000 Shares held by Tycoons Investment and Loh & Loh under the SDI Ordinance as he is entitled to exercise more than one third of the voting power of these two companies.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

- (3) The registered holders of 32,000,000 Shares and 74,432,000 Shares are Big Reap Investment and Loh & Loh, respectively. Mr. Loh Nee Peng beneficially holds 100% and 15% equity interests in Big Reap Investment and Loh & Loh, respectively and is deemed to be interested in 106,432,000 Shares held by Big Reap Investment and Loh & Loh under the SDI Ordinance, as Mr. Loh Nee Peng is entitled to exercise more than one third of the voting power of Big Reap Investment and that Loh & Loh is accustomed to act in accordance with Mr. Loh Nee Peng's directions.

Particulars of service agreements

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

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years subject to early termination by the Company giving not less than three months notice of termination or payment in lieu. Each of the executive Directors except for Mr. Goh Chee Wee, is entitled to the respective basic salaries and allowances set out below (such basic salaries are subject to an annual increment after the end of 2003 and after each completed year of service at a rate to be determined at the sole and absolute discretion of the Board of Directors, provided that such increase shall not exceed 25% of the then current monthly salary of the relevant Director). In addition, the executive Directors are also entitled, to a bonus for the year from 1st January, 2002 to 31st December, 2003, which shall be calculated as 1% of the audited consolidated net profit after taxation and minority interests but before extraordinary and exceptional items of the Group for that financial year, which amount shall be paid after the end of that financial year. An executive Director may not vote on any resolution of the Directors regarding the amount of the salary, bonus, allowances and any other amount payable to him in respect of his appointment under his service agreement. The current basic annual salaries and allowance of the executive Directors for the year ending 31st December, 2002 are as follows:

Name	Amount (SGD)
Mr. Anthony Chan	210,000
Mr. Loh Kim Her	210,000
Mr. Loh Nee Peng	210,000
Mr. Goh Chee Wee	nil

Save as disclosed, none of the Directors has entered or has proposed to enter into any service agreements with the Company or any members of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation).

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Directors' remuneration

- (a) Approximately HK\$1,035,000 and HK\$882,000 were paid to the Directors as remuneration for each of the years ended 31st December, 2000 and 2001 respectively. Further information in respect of the Directors' remuneration is set out in appendix I to this prospectus.
- (b) It is expected that an aggregate sum of approximately HK\$2,892,000 will be paid to the Directors as remuneration by the Group in respect of the year ending 31st December, 2002 pursuant to the present arrangement including management bonus.
- (c) Approximately HK\$122,000 and HK\$131,000 were paid to the Directors as discretionary or performance bonus for each of the years ended 31st December, 2000 and 2001 respectively.
- (d) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the years ended 31st December, 2000 and 2001 (i) as an inducement to join or upon joining the Company or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.
- (e) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the years ended 31st December, 2000 and 2001.

Agency fees or commissions received

The Underwriters will receive a commission of 4% of the Issue Price of all the Shares under the Placing underwritten by them, out of which they will pay any sub-underwriting commission, if any. The Sponsors will also receive a documentation fee and be reimbursed for its expenses. Such commission, documentation fee and expenses, together with the Stock Exchange listing fees, legal and other professional fees, and printing and other expenses relating to the Placing, which are estimated to amount in aggregate to approximately HK\$13 million, will be payable by the Company.

Substantial shareholders

As far as the Directors are aware, after the Placing, no person (other than Mr. Anthony Chan, Mr. Loh Nee Peng, Mr. Loh Kim Her, Loh & Loh, Comfort (China) and Comfort Group as disclosed in the paragraph headed "Substantial shareholders" under the section headed "Substantial, Significant and Initial Management Shareholders") will be directly or indirectly interested in 10% or more of the voting power at any general meeting of the Company.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Related party transactions

The Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in Note 3 to Section 1 of the accountants' report set out in appendix I to this prospectus, the paragraph headed "Connected transactions" in the section headed "Business of the Group".

Disclaimers

Save as disclosed herein:

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

APPENDIX IV STATUTORY AND GENERAL INFORMATION

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

OTHER INFORMATION

Estate Duty, tax and other indemnities

Mr. Anthony Chan and Mr. Loh Kim Her (the “Indemnifiers”) entered into a deed of taxation indemnity with and in favour of the Group (being material contract (g) as referred to in the paragraph headed “Summary of material contracts” in this appendix) to provide indemnities in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of the Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance of the Laws of Hong Kong) to any member of the Group on or before the date on which the Placing becomes unconditional.

Under the deed of taxation indemnity, the Indemnifiers have also given indemnities to the Group in relation to taxation which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the Placing becomes unconditional (“Effective Date”).

The aforesaid indemnities do not apply in certain circumstances including (i) where such liability for taxation would not have arisen but for some act or omission of or transaction voluntarily effected by any member of the Group (whether alone or in conjunction with any other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers otherwise than (a) in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Effective Date; or (b) pursuant to a legally binding commitment created on or before the Effective Date; or (c) any member of the Group ceasing or being deemed to cease to be a member of the Group or being associated with any other company for taxation purposes; and (ii) where provisions have been made in the audited accounts of the Group up to 31st December, 2001. Further, the said deed of indemnity does not cover any Taxation Claim (as defined therein) to the extent that such 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 by the Hong Kong Inland Revenue Department or any of the relevant authorities coming into force after the Effective Date or to the extent that such Taxation Claim arises or is increased by an increase in rates of taxation after such date with retrospective effect.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

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

The Indemnifiers and Loh & Loh also entered into a deed of indemnity and guarantee with and in favour of the Group (being material contract (h) as referred to in the paragraph headed “Summary of material contracts” in this appendix) to provide indemnities in respect of, among other things, any depletion in or reduction in the value of assets, costs fees, expenses, claims, losses and liabilities of any nature whatsoever which might be incurred or suffered by the Group in connection with or arising out of or as result of (whether direct or indirect) CNA Anhua (Hertz)’s and North Anhua’s failure to obtain title certificates for the co-operation projects, North Anhua’s failure to repay and refund to the Group under the guarantee, as described in the section headed “Risks factors” of this prospectus.

Litigation

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

Sponsors

The Sponsors have made an application on behalf of the Company to the GEM Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein.

Cash will receive normal professional fees in connection with the advisory services to be provided to the Company for a term period covering the remainder of the financial year ending 31st December, 2002 and the two financial years thereafter.

Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately HK\$13 million and are payable by the Company.

Promoters

The promoters of the Company are Mr. Anthony Chan and Mr. Loh Kim Her. Save as disclosed herein, within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to the promoters in connection with the Placing or the related transactions described in this prospectus.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

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) Limited and a branch register of members of the Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services 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.

Qualifications of experts

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

Name	Qualification
JS Cresvale	Registered investment adviser and securities dealer
Cash	Registered investment adviser and securities dealer
Arthur Andersen & Co	Certified public accountants
Conyers Dill & Pearman, Cayman	Cayman Islands attorneys-at-law
DTZ Debenham Tie Leung Limited	Property valuer
Jingtian Gongcheng Associates	Legal adviser on PRC laws
Simmons & Simmons Düsseldorf	Legal adviser on German laws

Consents of experts

Each of JS Cresvale, Cash, Arthur Andersen & Co, Conyers Dill & Pearman, Cayman, DTZ Debenham Tie Leung Limited, Simmons & Simmons Düsseldorf and Jingtian Gongcheng Associates has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

Binding effect

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

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Particulars of the Vendor

The following are the particulars of the vendor of the Sale Shares:

Name	Registered address	Description	Number of Sale Shares
Loh & Loh	Omar Hodge Building Wickhams Cay 1 P. O. Box 362 Road Town Tortola British Virgin Islands	Corporation	20,000,000

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 capital of the Company or any of its subsidiaries.
- (b) None of JS Cresvale, Cash, Arthur Andersen & Co, Conyers Dill & Pearman, Cayman, DTZ Debenham Tie Leung Limited, Simmons & Simmons Düsseldorf and Jingtian Gongcheng Associates:
 - (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.