
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Offer, you should consult your stockbroker or other licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in GP NanoTechnology Group Limited, you should at once hand this Offer Document and the accompanying Form of Acceptance to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

OFFER DOCUMENT

RIGHT FIELD HOLDINGS LIMITED

**Voluntary Conditional Cash Offer by
Yu Ming Investment Management Limited
on behalf of Right Field Holdings Limited
to Acquire the Entire Issued Share Capital of
GP NanoTechnology Group Limited**

TAKE YOUR CHANCE TO REALIZE YOUR INVESTMENTS

Financial Adviser to Right Field Holdings Limited



YU MING INVESTMENT MANAGEMENT LIMITED

The procedures for acceptance and other related information are set out in Appendix I to this Offer Document and in the accompanying Form of Acceptance. Acceptances must be received by Cantrust (Far East) Limited at Room 2001, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong by no later than 4:00 p.m. on 8th October, 2003 (or such other time and/or date as the Offeror may announce). The procedures for acceptance of the Offer are set out on pages 15 to 21 of this document and in the accompanying form of acceptance and transfer.

This circular will remain on the GEM website with the domain name of www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

10th September, 2003

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	4
Reasons to accept the Offer	5
Parties to the Offer	8
Letter from Yu Ming	
Introduction	9
The Offer	9
The Offer Price	10
Condition of the Offer	10
The Offeror and its Interests in the Shares	10
Total Consideration	11
Terms of the Offer	11
Payment	11
Stamp Duty	11
Compulsory Acquisition	11
Offeror's Intention in Relation to the Company	12
Directors and Management	12
Business of the Group	13
Future Investments	14
Reasons for the Offer	14
General	14
Appendix I — Acceptance Procedures and Further Terms of the Offer	15
Appendix II — Statutory and General Information	22

DEFINITIONS

In this Offer Document and in the Appendices hereto, unless the context otherwise requires, the following expressions have the following meanings:

“Accepting Shareholders”	Shareholders who accept the Offer
“Annual Report”	the annual report of the Company which contains the audited financial statements of the Company as at 31st December, 2002
“GP Board”	the board of Directors
“business day”	any day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	8th October, 2003 (or such other time and/or date as the Offeror may announce)
“Code”	the Code on Takeovers and Mergers
“Company”	GP NanoTechnology Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the GEM of the Stock Exchange
“Custodian”	Cantrust (Far East) Limited, a custodian independent from the Offeror and parties acting in concert with it appointed by the Offeror to hold the Shares tendered under the Offer
“Directors”	the Directors of the Company at that time
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer in respect of the Offer which accompanies this Offer Document

DEFINITIONS

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region
“Interim Report”	the interim report of the Company which contains the latest published unaudited financial statements of the Company as at 30th June, 2003
“Latest Practicable Date”	8th September, 2003, being the latest practicable date prior to the printing of this Offer Document for the purpose of ascertaining certain information contained in this Offer Document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offer”	the voluntary conditional cash offer on the terms and conditions set out herein and the Form of Acceptance to acquire all the issued Shares, originally announced by the Offeror on 20th August, 2003
“Offer Document”	this offer document dated 10th September, 2003 issued by the Offeror in connection with the Offer
“Offer Period”	this period commencing on 19th August, 2003 and ending at 4:00 p.m. on the Closing Date
“Offer Price”	HK\$0.01 per Share

DEFINITIONS

“Offeror”	Right Field Holdings Limited, a company incorporated in British Virgin Islands with limited liability and the registered office is at P.O. Box 3321, Road Town, Tortola, British Virgin Islands and the principal place of business of which is at 20th Floor, Times Tower, 393-407, Jaffe Road, Wan Chai, Hong Kong
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended from time to time
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yu Ming”	Yu Ming Investment Management Limited, a deemed licensed corporation under the SFO and the financial adviser to the Offeror

EXPECTED TIMETABLE

2003

Opening date of the Offer	10th September (Wednesday)
First closing date of the Offer (<i>Note 1</i>)	8th October (Wednesday)
First date an Accepting Shareholder could withdraw his acceptance if the Offer has not become unconditional (<i>Note 2</i>)	29th October (Wednesday)
Latest time by which the Offer could become unconditional (<i>Note 3</i>)	4:00 p.m. 10th November (Monday)

Notes:

1. Pursuant to the Code, where the offeree board circular is posted after the date on which this Offer Document is posted, the Offer must be open for acceptance for at least 28 days following the date on which this Offer Document is posted.
2. Pursuant to the Code, an Accepting Shareholder shall be entitled to withdraw his acceptance of the Offer after 21 days from 8th October, 2003, if the Offer has not by then become unconditional. This entitlement to withdraw shall be exercisable until such time as the Offer becomes or is declared unconditional as to acceptances.
3. Pursuant to the Code, the Offeror has the rights to extend the Offer until the 60th day after the day on which this Offer Document is posted. If the Offer does not become unconditional on 8th October, 2003, the Offeror intends to extend the Offer until 9th November, 2003. Since 9th November, 2003 is not a business day under the Code, the Offer can remain open until the next business day to 10th November, 2003. If it does so, the Offeror will publish a teletext announcement through the Stock Exchange by 7:00 p.m. on 8th October, 2003 stating the Offer has been extended to 4:00 p.m. on 10th November, 2003 and such announcement will be republished in newspapers on the next business day. Such announcement will state the total number of Shares and rights over Shares, if any, (i) for which acceptances of the Offer have been received; (ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and (iii) acquired or agreed to be acquired during the Offer Period by the Offeror or persons acting in concert with it.
4. If the Offer becomes or is declared unconditional at or before 4:00 p.m. on 10th November, 2003, the Offer will remain open for at least 14 days thereafter and at least 14 days notice in writing will be given before the Offer is closed to those Shareholders who have not accepted the Offer. The Offeror will in these circumstances publish an announcement which states that the Offer will remain open until further notice.
5. Cheques in respect of the consideration payable for the Shares tendered under the Offer will be posted as soon as possible but in any event within 10 days of the later of (i) the date on which the Offer becomes or is declared unconditional and (ii) the date of receipt of a duly completed Form of Acceptance, at the risk of the Accepting Shareholders.

REASONS TO ACCEPT THE OFFER

Your Company is short of liquidity, take your chance to realize your investment.

This is a snapshot of the financial conditions of your Company as at 30th June, 2003 and 31st December, 2002 based on the Interim Report and the Annual Report:

<i>(HK\$'000)</i>	<i>Note</i>	30th June, 2003	31st December, 2002	Change %
Illiquid Assets				
Property, plant and equipment		62,091	104,968	-40.8
Other investment		5,024	—	—
Current Assets				
Inventories		2,989	4,988	-40.1
Trade receivables		10,766	15,370	-30.0
Other receivables, deposits & prepayments		12,063	24,343	-50.4
Bank balances and cash		943	1,998	-52.8
Current Liabilities				
Trade payables		8,164	5,938	+37.5
Other payables and accrued charges		18,066	10,711	+68.7
Obligations under finance lease				
— due within one year		—	629	-100
Amounts due to a director		676	—	N/A
Taxation		942	955	-1.4
Bank and other borrowings				
due within one year		8,720	12,445	-29.9
Amount due to substantial Shareholder		—	470	-100
Net current (liabilities)/assets		(9,807)	15,551	N/A
Shareholders equity		57,321	118,940	-51.8

REASONS TO ACCEPT THE OFFER

	For the six months ended 30th June,		
	2003	2002	Change %
Turnover	19,577	41,498	-52.8
Gross profit	3,818	19,705	-80.6
Administrative expenses	18,833	8,777	+115
Other operating expenses	30,023	—	N/A
Net (loss)/profit attributable to Shareholders	(47,022)	7,153	N/A

A summary of the above snapshot of your Company:

- It had HK\$36.57 million of current liabilities as at 30th June, 2003.
- It had only HK\$0.94 million of cash available as at 30th June, 2003.
- It had HK\$25.82 million of inventories and trade receivables as at 30th June, 2003.
 - Out of which approximately HK\$8 million of trade receivables had been outstanding for more than 90 days.
- The business of your Company in terms of both turnover and profit margin had deteriorated significantly for the six months ended 30th June, 2003. The net loss for the six months ended 30th June, 2003 was HK\$47.02 million.

The survival of your Company is hinged on two factors:

1. A strong growth of business in the second half of the financial year 2003.
2. Availability of new credit facilities or new sources of financing.

But we are not optimistic about the performance of your management.

Current management of the Company had continuously made optimistic assessment of business conditions in interim and annual reports which had proved to be misjudgement from hindsight. In the annual report of 2001, the Chairman of your Company wrote on page 7 and 8 that “*The Directors are optimistic that the continued economic growth of the PRC and its accession into the World Trade Organization will be beneficial to the Group, as there will be increasing demand for plastics...that require PCC nanomaterials... Hence, the Directors remain confident about the Company’s prospect...*”

REASONS TO ACCEPT THE OFFER

In the interim report of 2002, it was written on page 9 that *“The Directors believe that although at present, there is slight downturn on the global economies; the economic growth in the PRC is still strong and prosperous. As the Groups’ business is predominately concentrated in China; the Group foresee a continuous market potential and business opportunity in China.”*

When the Company announced its full year result for 2002, turnover dropped by 9.0 per cent. and the Group turned from a net profit of HK\$11.2 million in 2001 to a net loss of HK\$7.5 million in 2002. In the Interim Report, management continued to assert that the Group has certain competitive advantages. With the deteriorating results, the management seemed unable to utilize the Company’s competitive advantages.

It is up to the management to convince you how business conditions will improve in the second half of the 2003 given the disappointing result in the first half, which current management had chosen the dubious “blame SARS” approach to mitigate responsibility.

Without revival of business and new sources of financing, the survival of your Company, and thus the recovery of your investment, is dire.

The Shares have been suspended from trading with effect from 7th August, 2003 pending the release of an announcement of price-sensitive nature. No announcement has been released as at the Latest Practicable Date. Nobody knows what will be announced, and where the share price will go, upon resumption of trading.

Shareholders, take your chance and realize your investment now before it is too late.

PARTIES TO THE OFFER

Financial Adviser

Yu Ming Investment Management Limited
Suite 51, 5th Floor
New Henry House
10 Ice House Street
Central
Hong Kong

Custodian

Cantrust (Far East) Limited
c/o Room 2001, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

LETTER FROM YU MING



YU MING INVESTMENT MANAGEMENT LIMITED

SUITE 51, 5TH FLOOR, NEW HENRY HOUSE, 10 ICE HOUSE STREET, CENTRAL, HONG KONG

10th September, 2003

*To the Shareholders of
GP NanoTechnology Group Limited*

Dear Sirs or Mesdames,

**Voluntary Conditional Cash Offer by
Yu Ming Investment Management Limited
on behalf of Right Field Holdings Limited
to Acquire the Entire Issued Share Capital of
GP NanoTechnology Group Limited**

1. INTRODUCTION

On 20th August, 2003, the Offeror announced its firm intention to make a voluntary conditional cash offer to acquire all the Shares and outstanding options of the Company. The terms and conditions of the Offer are set out in this Offer Document and the accompanying Form of Acceptance.

2. THE OFFER

The Offer is hereby made on the following basis:

For each Share HK\$0.01 in cash

The Offeror undertakes to acquire all outstanding rights to subscribe for Shares at a price of HK\$0.001 per right that entitles its holder to subscribe for one Share, on the condition that the Offer becomes unconditional. Based on the information disclosed in the Interim Report, which contains the latest published unaudited financial statements of the Company as at 30th June, 2003, there were no outstanding rights to subscribe for Shares as at 30th June, 2003.

LETTER FROM YU MING

The Offer Price

The Offer Price of HK\$0.01 per Share represents (i) a discount of approximately 72.22 per cent. to the closing price of HK\$0.036 per Share on 6th August, 2003, being the last trading day prior to the day the GP Board was informed of the intended Offer; (ii) a discount of approximately 75.31 per cent. to the average closing price of HK\$0.0405 per Share for the period of 10 trading days ended 6th August, 2003; and (iii) a discount of 72.22 per cent. to the closing price of HK\$0.036 per Share as at the Latest Practicable Date. The Offer Price also represents a discount of approximately 91.27 per cent. to the unaudited consolidated net asset value per Share of approximately HK\$0.1146 as at 30th June, 2003, or 95.80 per cent. to the audited consolidated net asset value per Share of approximately HK\$0.2379 as at 31st December, 2002, the date of the latest published audited financial statements of the Company. The Offer Price was arrived at after taking into account the financial conditions of the Company.

Condition of the Offer

The Offer is subject to and conditional upon the Offeror having received acceptances in respect of Shares which, together with Shares held or acquired or agreed to be acquired by it and persons acting in concert with it before or during the Offer, will result in the Offeror and persons acting in concert with it holding more than 50 per cent. of the voting rights of the Company.

The Offeror and its Interests in the Shares

The Offeror is a private company incorporated in British Virgin Islands with limited liability. It is wholly owned by Mr. Xiang Xin. The Offeror has carried on no activities prior to making of the Offer.

Mr. Xiang Xin is an executive director of Sino Technology Investments Company Limited, an investment company listed on the Stock Exchange under Chapter 21 of the Listing Rules. Mr. Xiang has served in several big corporations in China and is experienced in technology project management, corporate restructuring and corporate strategy.

As at the Latest Practicable Date, the Offeror and/or parties acting in concert with it has no interest or options in or rights to acquire any Shares, and has not dealt in any Shares within the six months prior to 19th August, 2003, the date on which the Offer was first communicated to the GP Board. The Offeror is also independent from, not connected with and not acting in concert with any of the management shareholders, substantial shareholders, chief executive or directors of the Company and any of its subsidiaries or their respective associates.

As at the Latest Practicable Date, neither the Offeror nor any person acting in concert with it has received any irrevocable commitment from any Shareholder to accept the Offer.

LETTER FROM YU MING

Total Consideration

According to public information, as at the date of this Offer Document the total number of Shares is approximately 500 million. In the event that all the Shareholders accept the Offer, the total consideration of the Offer will be approximately HK\$5 million based on the Offer Price of HK\$0.01 per Share. The Offer will be financed by the internal resources of the Offeror. Yu Ming has been engaged by the Offeror as its financial adviser in respect of the Offer and to make the Offer on behalf of the Offeror. Yu Ming confirms that it is satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptance of the Offer.

Terms of the Offer

The Shares will be acquired free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights of any nature and together with all rights attaching to them, including the right to received in full all dividends and other distributions, if any, declared, made or paid on or after the date the Offer was made.

Payment

Payment in cash in respect of acceptances of the Offer will be made by the Offeror to the Accepting Shareholders as soon as possible but in any event within ten days of the later of the date on which the Offer becomes or is declared unconditional and the date of receipt of a duly completed Form of Acceptance, at the risk of the Accepting Shareholders.

Stamp Duty

Sellers' ad valorem stamp duty for the Shares registered on the Hong Kong branch register arising in connection with acceptances of the Offer will be payable by each Shareholder at the rate of HK\$1 for every HK\$1,000 or part thereof of the consideration payable by the Offeror for such Shareholder's Shares and will be deducted from the cash amount due to such Shareholder under the Offer.

Compulsory Acquisition

In the event the Offeror acquires not less than 90 per cent. of the Shares in respect of which the Offer is made within four months of making the Offer, the Offeror's intention is that it will not exercise its rights under the Companies Ordinance to compulsorily acquire all the Shares which were not acquired by the Offeror, but it reserves the right to do so.

LETTER FROM YU MING

Maintaining the Listing Status of the Company

The Offeror intends to maintain the listing of the Shares on GEM. The Offeror and the Company have undertaken to the Stock Exchange to take appropriate steps such as placing of Shares to ensure that not less than 20% of the Shares will be held by the public following the close of the Offer.

The Stock Exchange has stated that, if less than 20% of the issued Shares are in public hands following the close of the Offer, or the Stock Exchange believes that a false market exists or may exist in the Shares or that there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

If the Company remains a listed company on GEM, the Stock Exchange has the discretion to require the Company to issue a circular to the Shareholders irrespective of the size of the proposed transaction, particularly when such proposed transaction represents a departure from the Company's principal activities. The Stock Exchange also has the power to aggregate a series of transactions and any such transaction may result in the Company's being treated as a new listing applicant.

3. OFFEROR'S INTENTION IN RELATION TO THE COMPANY

Directors and Management

Subject to the provision of the Code, the Offeror will request the GP Board to appoint, once the Offer becomes unconditional, such persons as may be nominated by the Offeror to become Directors, and will request all incumbent Directors of the Company to resign immediately thereafter.

The Offeror intends to nominate the following persons as Directors after the Offer becomes unconditional:

Mr. Wang Qing Xu, aged 58. Mr. Wang has substantial academic and research experience in precision machineries. Mr. Wang was the vice-chancellor of Changchun University of Science and Technology. He also held key positions in China North Industries Group Corporation and China South Industries Group Corporation, which are state-owned corporations specialize in the production of arsenals and other military equipments. Mr. Wang is currently the chairman of New Times Group Limited, a private company specializes in technology projects development and management. Mr. Wang has extensive experience in corporate and project management.

Mr. Xiang Xin, the beneficially owner of the Offeror. The background and experience of Mr. Xiang has been detailed in the section headed "The Offeror and its Interests in Shares" above.

LETTER FROM YU MING

Mr. Qiu Bing Song, aged 38. Mr. Qiu graduated from the faculty of Chemistry in Jinan University in Guangdong. Mr. Qiu was then awarded a Masters degree in biomaterials through his research work conducted with the Institute of Biomedical Engineering of Jinan University, where he is now the chief engineer specializing in polymer chemistry and physics and structure and performance of biomaterials.

The Offeror intends to nominate the following persons as independent non-executive Directors after the Offer becomes unconditional:

Mr. Ouyang Jing Dong, aged 37. Mr. Ouyang has extensive experience spanning across the technology and banking sectors in China, Hong Kong, Singapore and the United States. Mr. Ouyang graduated from the University of Michigan with a Masters degree in Arts majoring in Economics. He further obtained a Masters degree in Business Administration from the University of British Columbia. Mr. Ouyang has served in several multinational corporations such as Microsoft Corporation, BNP Paribas Bank, Bear Stearns & Co. Inc. and ABN Amro Bank.

Mr. Cheung Kar Keung Johnny, aged 32. Mr. Cheung graduated from the Simon Fraser University with a degree in Business Administration majoring in Accounting. Mr. Cheung has served in one of the big four CPA firms and subsequently became the regional financial controller for Asia of a technology company. Mr. Cheung is currently a partner of the CPA firm P.J. Cheung & Associates. Mr. Cheung is a Certified Public Accountant in Hong Kong where he is a member of the Hong Kong Society of Accountants. He is also a member of the Certified General Accountants Association of Canada and the American Institute of Certified Public Accountants.

Save for the proposed changes to the GP Board, the Offeror has no plans for any substantial change to the existing management and staff structure of the Group.

The Offeror has no plan to discontinue employment of the employees of the Company and its subsidiaries.

Business of the Group

According to the listing prospectus of the Company dated 9th July, 2001, the Group “*is principally engaged in the manufacture and sale of nanomaterials for use as fillers in different industrial applications such as the manufacturing of plastics and rubber products. PCC (Precipitated Calcium Carbonate) nanomaterials manufactured by the Group are processed from limestone which are widely found in many parts of the world and consist of particles in the near-atom size range. The core technology employed by the Group in the manufacture of PCC nanomaterials is to reduce the size of the particles of the raw materials to the size of nanoscale... .. The Group also commenced its production of ceramic fine powder in February 2000 and subsequently launched it in the PRC market in March 2000.*”

The Offeror has no intention to change the business of the Group including any redeployment of the fixed assets.

LETTER FROM YU MING

Future Investments

The Offeror has no intention to inject any assets into the Company. In the event that the Offeror is to cause the Company to acquire or dispose of any material assets, the acquisitions or disposals will be made by the Company in full compliance with the GEM Listing Rules.

4. REASON FOR THE OFFER

The profitability of the Group has been deteriorating rapidly since listing in 2001. The Group reported a net profit of HK\$11.25 million for financial year 2001, prior to the listing of the Group. Nevertheless, the Group has incurred a loss of HK\$54.55 million for the 18 months ended 30th June 2003.

The cash position of the Group has also deteriorated. At the financial year end of 2001, the Group had consolidated cash balance of HK\$15.20 million, which decreased to HK\$1.998 million at the financial year end of 2002, and further fell to HK\$0.943 million as at 30th June, 2003.

The Offeror hopes to take over the Company and change its management. The Offeror will investigate the reason for the deterioration and make an attempt to recuperate its profitability and liquidity.

5. GENERAL

Pursuant to the Code, the Company is required to (i) form an independent board committee to consider the Offer and report to the Shareholders on the Offer; and (ii) appoint an independent financial adviser to advise the independent board committee regarding the Offer.

Pursuant also to the Code, the Company is required to despatch a response document containing, inter alia, the advice from the independent board committee and the independent financial adviser to Shareholders relating to the Offer within 14 days after the posting of this Offer Document.

Yours faithfully

For and on behalf of

YU MING INVESTMENT MANAGEMENT LIMITED

Warren Lee

Director

1. PROCEDURES FOR ACCEPTANCE

If the certificate and, or transfer receipt and, or any other documents of title, in respect of your Shares or options is, are in your name, and you wish to accept the Offer, you should complete the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer. The duly completed Form(s) of Acceptance should be sent together with the relevant certificate and/or transfer receipt and, or other documents of title, and, or any indemnity required in respect thereof, by post or by hand, marked “GP Nano Offer” on the envelope, to the Custodian at Room 2001, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong, no later than 4:00 p.m., 8th October, 2003 or such other time and/or date as may be announced by the Offeror in compliance with the Code.

If the certificate and/or transfer receipt and/or any other documents of title in respect of your Shares are in the name of a nominee company or some name other than your own, and you wish to accept the Offer (in full or in part), you must either:

- (a) lodge your Share certificate and/or transfer receipt and/or any other documents of title with the nominee company, or other nominee, with instructions authorizing it to accept the Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed together with the relevant Share certificate and/or transfer receipt and/or other documents of title (and/or any satisfactory indemnity or indemnities required in respect of any lost Share certificate) to the Custodian; or
- (b) arrange for the Shares to be registered in your name by the Company through its share registrar and send the Form of Acceptance duly completed together with the relevant Share certificate and/or transfer receipt and/or any other document of title (and/or any satisfactory indemnity or indemnities required in respect of any lost Share certificate) to the Custodian; or
- (c) if you have deposited your Shares with CCASS, instruct your broker to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited before the Closing Date. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your broker for the timing on processing your instruction, and submit your instruction to your broker as required.
- (d) if you have lodged your Shares with your Investor Participant Account with CCASS, authorise your instruction via the CCASS Phone System not later than one business day (in this case, 7th October, 2003) before the latest date for acceptance of the Offer.

If you have lodged transfer of Shares for registration in your name and have not yet received your Share certificate and you wish to accept the Offer, you should nevertheless complete the relevant Form of Acceptance and deliver it to the Custodian together with the transfer receipt duly signed by yourself. Such action will be deemed to be an authority to the Offeror or its agent to collect from the Company or its share registrar on your behalf the relevant Share certificate when issued and to deliver such certificate to the Custodian and to authorize and instruct the Custodian to hold such certificate, subject to the terms of the Offer, as if it was delivered to the Custodian with the relevant Form of Acceptance.

If the Share certificate and/or transfer receipt and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect of any lost Share certificate) is/are not readily available and/or is/are lost and you wish to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Custodian and the relevant Share certificate and/or transfer receipt and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect of any lost Share certificate) should be forwarded to the Custodian as soon as possible thereafter.

No acknowledgement of receipt for any Form of Acceptance, Share certificate and/or transfer receipt and/or any other documents of title will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offeror reserves the right to revise or extend the Offer after the despatch of this Offer Document.
- (b) Unless the Offer has previously been extended or revised or has previously become or been declared unconditional, the Offer will expire at 4:00 p.m. on 8th October, 2003.
- (c) If the Offer becomes or is declared unconditional in all respects, it will remain open for acceptance for not less than 14 days from the date on which the Offeror announces that the Offer has become unconditional in all respects. If the Offer has become unconditional and it is stated that it will remain open until further notice, then not less than 14 days' notice will be given in writing and by way of announcement prior to the closing of the Offer.

- (d) The Offer shall not be capable of
 - (i) becoming unconditional after 4:00 p.m. on 10th November, 2003; or
 - (ii) being kept open after 4:00 p.m. 10th November, 2003, provided that the Offeror reserves the right, with the permission of the Executive under the Code, to extend the Offer to a later time and/or date.
- (e) Although no such revision is envisaged, if the Offer (in its original or any previously revised form) is revised (either in its terms and conditions or in the value or nature of the consideration offered or otherwise) and such revision represents, on the date on which such revision is announced (on such basis as Yu Ming may reasonably consider appropriate), no diminution in the value of the Offer as so revised (compared with the consideration or terms previously offered), the benefit of the revised Offer will, subject to paragraphs (g) and (h) below, be made available to any Accepting Shareholders already accepted the Offer on the date of such revision.

The acceptance by or on behalf of a Accepting Shareholders of the Offer in its original or any previously revised form shall, subject as provided in paragraphs (g) and (h) below, be treated as an acceptance of the Offer as so revised. It shall also constitute an authority to any director of the Offeror or of Yu Ming as agent of the Accepting Shareholders:

- (i) to accept any such revised Offer on behalf of such Accepting Shareholders;
- (ii) if any revised or previously revised Offer includes alternative forms of consideration, to make such elections for and accept such alternative forms of consideration in such proportions (as nearly as practicable) as those made by such Accepting Shareholders in the Form of Acceptance previously executed by him or on his behalf (or, if no such alternatives were previously available, to make an election for the same form of consideration as set out in the previous Offer); and
- (iii) to execute on behalf of and in the name of such Accepting Shareholders all such further documents (if any) as may be required to give effect to such acceptances and/or elections.

In making any such election and/or acceptance, such agent shall take into account the nature of any previous acceptances made by or on behalf of the Accepting Shareholders and such other facts or matters as he may reasonably consider relevant.

- (f) Subject to paragraph (g) below, the authorities conferred by paragraphs (e)(i) to (iii) (inclusive) and any acceptance of the revised Offer and/or any election pursuant thereto shall be irrevocable unless and until the Accepting Shareholders becomes entitled to withdraw his acceptance under the paragraph headed “Right of Withdrawal” below and duly does so.
- (g) The deemed acceptance referred to in paragraph (e) above shall not apply, and the authority conferred on any director of the Offeror or of Yu Ming by that paragraph shall be ineffective, if a Accepting Shareholder shall lodge, within 14 days of the posting of the document pursuant to which the revision of the Offer referred to in paragraph (e) above is made available to the Shareholders, a form (which will be provided by Yu Ming in the revised offer document) in which he/she validly elects to receive the consideration receivable by him/her in some other manner.
- (h) The deemed acceptance referred to in paragraph (e) above shall not apply, and the authorities conferred on any director of the Offeror or of Yu Ming by such paragraph shall not be exercised by any director of the Offeror or of Yu Ming, if as a result thereof the Accepting Shareholder would (on such basis as Yu Ming may reasonably consider appropriate) thereby receive less in aggregate in cash than he would have received in aggregate in cash (if any) as a result of acceptance of the Offer or any previously revised Offer in the form in which it was previously accepted by him.
- (i) The Offeror reserves the right to treat as valid any acceptance of the Offer (in its original or any previously revised form) which is received after the announcement or issue of the Offer in any revised form as a valid acceptance of the revised Offer and/or, where applicable, a valid election for or acceptance of any of the alternative forms of consideration (if any), and such acceptances shall constitute an authority in the terms of paragraph (e) above mutatis mutandis on behalf of the relevant Accepting Shareholders.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date, the Offeror shall inform the Executive and the Stock Exchange in the event that the Offer has lapsed, been extended or revised, closed or become or been declared unconditional in all respects and shall publish a teletext announcement through the Stock Exchange by 7:00 p.m. on the Closing Date, and shall publish an announcement (in accordance with paragraph (c) below) to that effect on the following day and also specifying (except in the case of lapse) the total number of Shares, as nearly as practicable, which the Offeror or any person acting in concert with it, directly and indirectly, own or control, including the number of Shares for which valid acceptances have been received, and the number of Shares otherwise acquired by the Offeror or any person acting in concert with it during the Offer Period.
- (b) In computing the number of Shares represented by acceptances, there may be included or excluded for announcement purposes acceptances which are not in all respects in order or are subject to verification.
- (c) All announcements in relation to the Offer, in respect of which the Executive has confirmed that he has no further comments, must be published as a paid announcement in at least one leading English language newspaper and one leading Chinese language newspaper, being in each case a newspaper which is published daily and circulating generally in Hong Kong.

4. RIGHT OF WITHDRAWAL

Pursuant to the Code, an Accepting Shareholder is entitled to withdraw his acceptance after 21 days from 8th October, 2003, being the first closing date of the Offer, if the Offer has not by then become unconditional. This entitlement to withdraw is exercisable until such time as the Offer becomes or is declared unconditional as to acceptances.

5. GENERAL

- (a) All communications, notices, Forms of Acceptance, form of transfer, certificates, transfer receipts and other documents of title or of indemnity or of any other nature to be delivered by or sent to or from Shareholders will be delivered by or sent to or from them, or their designated agents, at their risk, and neither of the Offeror or Yu Ming accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Offer are sold by such person or persons free from all liens, charges, claims, equities, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the rights to receive dividends if any, declared, made or paid after the date on which the Offer is made.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of the Shares in respect of which it is indicated in the Form of Acceptance are the aggregate number of the Shares held by such nominee for such beneficial owners who are accepting the Offer.
- (d) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (e) The accidental omission to despatch this Offer Document and/or the Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (g) References to the Offer in this Offer Document and in the Form of Acceptance shall include any extension and/or revision thereof and references to the Offer becoming unconditional shall include a reference to the Offer being declared unconditional.
- (h) Due execution of a Form of Acceptance will constitute an authority to the Offeror and/or Yu Ming or its respective agents to complete and execute on behalf of the person accepting the Offer, the Form of Acceptance and any document and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such other person or persons as the Offeror and/or Yu Ming shall direct, the Shares which are the subject of such acceptance.

- (i) The making of the Offer to certain persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any person outside Hong Kong wishing to accept the Offer to satisfy himself as to the full observance of the laws of the relevant territory in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and payment of any transfer or other taxes due in respect of such jurisdiction.
- (j) The Offer is made in accordance with the Code.
- (k) The English text of this Offer Document and of the Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

1. RESPONSIBILITY

- (a) The issue of this Offer Document has been approved by the sole director of the Offeror, Mr. Xiang Xin.
- (b) This Offer Document includes particulars given in compliance with the Code for the purpose of giving information with regard to the Offeror and the Offer.
- (c) The sole director of the Offeror, Mr. Xiang Xin, accepts full responsibility for the accuracy of the information contained in this Offer Document and confirm, having made all reasonable enquiries, that, to the best of his knowledge, opinions expressed in this Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document the omission of which would make any statements in this Offer Document misleading.
- (d) The information relating to the Group included in this Offer Document has been extracted from or based on the published accounts and announcements of the Group. The only responsibility accepted by the sole directors of the Offeror, Mr. Xiang Xin, in respect of the information relating to the Group has been to ensure that it has been correctly extracted from or based on the published accounts and announcements of the Group.

2. MARKET PRICES

The table below shows the closing prices of the Shares as recorded on the GEM (i) on the last trading day in each of the six months immediately preceding the date of the announcement of the Offer; (ii) on 6th August, 2003, being the last trading day for the Shares before the release of the announcement of the Offer; and (iii) on the Latest Practicable Date.

Date	Closing Price HK\$
28th February, 2003	0.125
31st March, 2003	0.083
30th April, 2003	0.095
30th May, 2003	0.050
30th June, 2003	0.038
31st July, 2003	0.045
6th August, 2003	0.036
Latest Practicable Date	0.036

The highest and lowest prices of the Shares during the period commenced on 19th February, 2003, being six months prior to the date immediately preceding the announcement of the Offer, and ended on the Latest Practicable Date were HK\$0.127 on 24th February, 2003 and HK\$0.035 on 14th July, 2003 respectively.

3. DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES OF THE GROUP

- (a) As at the Latest Practicable Date, the Offeror and/or parties acting in concert with it had no interest or options in or rights to acquire any Shares and has not dealt in any Shares during the period commencing 6 months prior to 19th August, 2003 and ending on the Latest Practicable Date.
- (b) As at the Latest Practicable Date, the sole director of the Offeror (including his spouse, children under the age of 18, related trusts and companies controlled by any of them) had no interest or options in or rights to acquire any Shares.
- (c) The sole director of the Offeror (including his spouse, children under the age of 18, related trusts and companies controlled by any of them) has not dealt in any Shares during the period commencing 6 months prior to 19th August, 2003 and ending on the Latest Practicable Date.
- (d) As at the Latest Practicable Date, Yu Ming had no interest in any Shares and has not dealt in any Shares during the period commencing 6 months prior to 19th August, 2002 and ending on the Latest Practicable Date.
- (e) As at the Latest Practicable Date, no Shareholder committed to accept or reject the Offer.
- (f) None of the Offeror or any person acting in concert with it has any arrangement of the kind referred to in Note 8 to Rule 22 of the Code.

4. DIRECTOR OF THE OFFEROR

The sole director of the Offeror is Mr. Xiang Xin.

5. CONSENT

Yu Ming has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

6. MISCELLANEOUS

- (a) No Shares acquired in pursuance of the Offer will be transferred to any other persons.
- (b) Other than contractual obligations of the Company, no benefit is proposed to be given to any director of the Company or any of its subsidiaries as compensation for the loss of office or otherwise in connection with the Offer.
- (c) There is no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.
- (d) There is no arrangements of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Code which exist between the Offeror, or any person acting in concert with the Offeror, and any other person.
- (e) Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against the Shareholder.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Yu Ming, the financial adviser of Offeror, at Suite 51, 5th Floor, New Henry House, 10 Ice House Street, Central, Hong Kong during normal business hours (except Sundays and public holidays in Hong Kong) for so long as the Offer remains open for acceptance:

- (a) the Letter from Yu Ming;
- (b) the letter of consent from Yu Ming referred to in paragraph 5 above headed “Consent”; and
- (c) the Memorandum and Articles of Association of the Offeror.