

# SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all information that may be important to you. You should read the whole document before you decide to invest in the Shares.

## BUSINESS

The Group is principally engaged in the sales and marketing of the products applying the Propulsive Agent technology originally invented and developed by Harbin Institute of Technology which has been solely owned by the Group since 3rd June, 2000. In December 2000, such technology was recommended by the Committee on National Defence, Science and Technology of the PRC (中華人民共和國國防科學技術委員會) for the National Invention First Prize Award (國家發明一等獎). The result of the application is expected to be announced by the end of 2002. The Propulsive Agent is currently applied by the Group on the development of Target Propellant New Pesticide. The Target Propellant New Pesticide that utilises the Propulsive Agent technology is more advanced and user friendly than traditional pesticides, as the Target Propellant New Pesticide eliminates the use of heavy and bulky spraying application equipment and can be applied on water surface by direct droplets.

The Propulsive Agent technology was initially developed by Prof. Cai of Harbin Institute of Technology who is also the Dean of Environmental Science & Engineering Departments of both Harbin Institute of Technology and Shanghai Jiao Tong University and an executive Director of the Group. Its development is based on the chemical theory of super-molecule. According to Prof. Cai, the theory states that when two molecules are associated, each molecule in the newly formed mixture will take on some new characters under the influence of its proximate molecule. Based on this concept, associate molecules with repelling nature can be elaborately structured and associated with the principal molecule of the pesticide without affecting the molecular structure of principal molecule. By capitalizing on the repelling characteristics of the associate molecules, the newly formed mixture enables principal molecules of pesticides to diffuse profusely along the surface of water. There are different applications in this technology, including pesticide for paddy fields and mosquito terminator for urban drains.

At present, the Propulsive Agent technology is applied on two kinds of paddy pesticides which have already been launched in the market, namely Sha Shi Ba (殺虱霸) and Dao Ying Wen Jing (稻癭蚊淨). The Propulsive Agent technology utilises molecular diffusion to disperse chemical ingredients of the pesticide over water surface. The major benefits of the pesticides applying the Propulsive Agent include:

- (i) major cost reduction on man power and pesticide application equipment;
- (ii) major enhancement in utilisation efficiency;
- (iii) application convenience; and
- (iv) substantial reductions in the toxicity and residue levels of pesticide and hence reduces damages to the health of the farmers and the environment.

All the Propulsive Agent applied in the Target Propellant New Pesticide is produced by the Group. The manufacturing of the pesticides and the mixing of Propulsive Agent to the pesticide are carried out by Fuzhou No. 1 Refinery which is an independent third party and a state-

owned enterprise. Fuzhou No. 1 Refinery is a qualified pesticide manufacturer and received several awards for its safe and hygienic systems from various governmental institutions in Fuzhou. The Group's production facility for the production of Propulsive Agent is located in Fuzhou, the PRC. At the same time, the Group is also engaged in the development and marketing and sales of new products applying the Propulsive Agent technology.

The Group focuses its resources on (i) research and development; and (ii) sales and marketing. The Group is actively involved in the research and development of new types of pesticides, as well as other products applying the Propulsive Agent technology with a focus on environmental protection. In terms of marketing, the Group is establishing an extensive distribution network through the sales channels of agricultural protection systems (植保系統), agricultural resources companies, individual pesticide trading companies and the website of the Group, [www.goldigit.com](http://www.goldigit.com). In addition, the Group has been actively participating in various conferences on pesticides promotion and prevention of pests to demonstrate and promote the Target Propellant New Pesticide.

## PRINCIPAL STRENGTHS OF THE GROUP

### 1. Possession of cut-in technology with an exclusive right

A principal strength of the Group's products lies in the proprietary cut-in technology, namely, the Propulsive Agent technology. The Directors believe that the pesticides applying Propulsive Agent shall replace the traditional pesticides as they believe that the former outperforms the latter in terms of cost, effectiveness, convenience, and environmental friendliness. According to the Recommendation Report on National Science and Technology Award (國家科學技術獎勵推薦書) issued by the Committee on National Defence, Science and Technology of the PRC (中華人民共和國國防科學技術委員會) to recommend the technology for National Invention First Prize Award (國家發明一等獎) in December 2000, the Propulsive Agent technology is unique in PRC. The Directors believe that the Group's products are the only pesticides applying such technology in the PRC.

### 2. Strong research and development team and support from renown universities

The Group's research and development team, headed by Prof. Cai, the inventor of the Group's Propulsive Agent and a scientist in the PRC, is devoting much effort in the research and development of new products applying the Propulsive Agent technology. In addition, the Group's research and development team, in cooperation with Harbin Institute of Technology, is engaged in the research of new technology focusing on the environmental protection application. The Directors believe that the Group's strength in research and development enables the Group to further develop into an enterprise with huge growth potential.

### 3. Effective and extensive distribution channel

With the implementation of the trial promotion strategy, the Group has established an effective and extensive distribution channel comprising agricultural protection centres, agricultural resources companies and agricultural supplies companies principally covering the major paddy growing provinces such as Fujian, Anhui, Jiangxi, Jiangsu and Henan. The Directors believe that such distribution channel is valuable to the Group and shall further enhance and expand the Group's network.

#### 4. Government awards and support

Although the track records of the Group's products have a considerably short history, the Group has received full support from the Fujian provincial government, which has announced the Group's products as Major Supporting Items【重點扶持項目】. In February 1999, the Fujian provincial government issued a notice to the Group confirming that its products had been included as Major New Products Project in the Fujian Province【福建省重點新產品計劃】. The Directors expect to obtain support from other provincial governments in addition to Fujian. Capitalising on the governmental support; the Group expects to establish nationwide recognition and reputation for its products.

#### 5. Effective business model

The Group focuses on the production of Propulsive Agent and sales and marketing of the Target Propellant New Pesticide. The production of the pesticide is carried out by an independent third party. The outsourcing of production greatly streamlines the Group's organisational structure and enables the Group to focus most of its resources on research and development and sales and marketing. The Directors believe that such an effective business model contributes greatly to the success of the Group.

### BUSINESS OBJECTIVES, FUTURE PLANS AND PROSPECTS

#### Overall business objectives

The Group's overall business objectives are:

- to replace the traditional paddy field pesticides in the PRC and rest of the world by the Group's Target Propellant New Pesticides; and
- to further develop applications on other products, such as other pesticides and water environment protection products, and enhance the Group's leading status in the PRC in the pesticide and environmental protection industries.

As the Group's products are still relatively new to the PRC market, the Group will focus on sales and marketing activities by actively arranging products promotions, training courses for sales agents and conducting demonstrations to farmers. In addition, since the pesticides sales in the PRC are primarily through the agricultural protection centres, agricultural resources companies and agriculture supply companies, the Group has set up a corporate website to improve its customer service and enhance the Group's service standards. The computer network and website can also provide an efficient information system and promotional means for the Group's products.

#### Future Plans

A summary of the specific business objectives of the Group for the year ending 31st December, 2001 and the two financial years thereafter is set out below:

- the Group will enhance and accelerate research and development to the applications of the Propulsive Agent technology by deploying advanced technology and equipment as well as outstanding scientific research personnel. The Group is currently developing five new products for future expansion, namely "1.2% fipronil (1.2% 銳勁特展膜油劑)", "target propellant new pesticide on Rice Borer (水稻螟虫)", "target propellant new weedicide for paddy", "target propellant new fertilizer for paddy" and "mosquito terminator for urban drains". The Directors believe that these new products, if successfully developed, will have huge market potential;

- the Group will establish a research and development centre to develop new types of pesticides applying the Propulsive Agent technology and other environmental friendly pesticides. The research and development centre will consist of new pesticide research and development base, pharmacological and toxicological base and new pesticide testing base;
- the Group plans to establish a new production base. The new production plant is planned to be constructed in Fuzhou and will mainly be responsible for the production of the Propulsive Agent. In addition, the Group will enter into collaboration agreements with processing agents in different regions in the PRC. This can improve the logistics regarding the supply of the Group's products. The Group also intends to build a factory in a Southeast Asian country for the production of the Propulsive Agent to facilitate the expected geographical expansion of the Group in the second half of 2003;
- the Group will enhance its existing sales network by utilising the distribution channels of the agricultural protection centres and agricultural resources companies. In addition, the Group also plans to establish its own sales network so as to further increase the penetration of its products into other provinces and municipalities in the PRC;
- the Group will enhance the quality of its existing website so as to improve customer services and assist promotion. In addition, the Group also plans to establish an interactive information exchange platform on the Internet regarding pest information so as to promote the corporate image of the Group;
- in order to enhance the corporate brand name and reputation of the Group, the Directors intend to promote the Group's products through advertisement and organisation of seminars; and
- the Group plans to run a "farmers' training programme" to improve the knowledge of farmers on advanced agricultural technology. The Directors believe that the training programme will enhance the reputation of the Group.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Directors believe that the net proceeds from the Placing of the New Shares will provide the Group with financial resources for the successful implementation of its various business plans, including accelerating its product research and development projects, expanding its research and development team as well as building a large scale distribution network nationwide. The net proceeds will also provide fundings for future business development and marketing of the Group.

The net proceeds from the Placing of the New Shares, after deducting underwriting commission and other expenses that are payable by the Group, are expected to be approximately HK\$158 million. Assuming that the Over-allotment Option is exercised in full, the net proceeds to the Group will increase to approximately HK\$188.8 million. The Directors currently intend to use the net proceeds from the Placing of the New Shares (assuming that the Over-allotment Option is not exercised) for the following purposes:

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- approximately HK\$29.6 million for development new products, product assessment, obtaining permit for production and sales as well as the launching of new products in the market (the breakdown of the application of proceeds to different types of new products is stated on page 81 of this prospectus);
- approximately HK\$15 million for the establishment of an advanced scientific research and development centre in the PRC to carry out Propulsive Agent technology related research projects;
- approximately HK\$51.3 million for the establishment of new production bases amongst which about HK\$30 million and HK\$21.3 million will be used to establish a new production base in Fuzhou and in a Southeast Asian country respectively. Approximately HK\$16 million and HK\$12 million of the above budget will be used for the acquisition of facilities and equipment for the Fuzhou and Southeast Asian production base respectively, and the respective remaining amounts of HK\$14 million and HK\$9.3 million will be used for the establishment of factory premises in the respective locations;
- approximately HK\$20.0 million for the development of the Group’s sales and distribution network;
- approximately HK\$4.7 million for the improvement of the Group’s website and the establishment of an interactive information exchange platform;
- approximately HK\$23.5 million for the continuing marketing and brand building of the Group’s products;
- approximately HK\$7.5 million for the operation of the “farmers’ training programme”; and
- the remaining balance of HK\$6.4 million is expected to be used as general working capital of the Group.

Should the Over-allotment Option be exercised in full, the Company will receive additional net proceeds of approximately HK\$30.80 million which the Directors intend to allocate as follows:

- in addition to the amount of HK\$29.6 million for the development of new products, approximately HK\$6.5 million will be further earmarked for the research and development of new applications of the Propulsive Agent. The Directors believe that such an increase of funds will further expedite the success of the projects;
- further to the amount of HK\$15.0 million for the establishment of the research and development centre, an additional sum of approximately HK\$3.4 million will be allocated for the establishment of an advanced scientific research and development centre. The Directors believe that with the additional funds, the Group will be able to provide a better-equipped environment for its research and development team and hence improve the result of the Group’s research and development;

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- in addition to the amount of HK\$51.3 million designated above, approximately HK\$9.5 million will be earmarked for the establishment of new production bases whereby HK\$6 million will be earmarked for the full automation of the production lines and HK\$3.5 million will be earmarked for the acquisition of land (to be identified) for warehouse facilities attached to or near to the factory premises in Fuzhou and in a Southeast Asian country respectively. The increased amount will be evenly divided between the two locations respectively. The Directors believe the increase in funds shall improve the quality of the production bases;
- an additional sum of approximately HK\$4.5 million will be used for the development of the Group’s sales and distribution network. The Directors consider that the additional funds will enhance the Group’s achievement in the development of its sales and distribution network; and
- a sum of HK\$6.9 million will be used for the continuing marketing and brand building of the Group’s products which will enable the Group to intensify its marketing programmes.

The Directors consider that should the Over-allotment Option not be exercised, there would not be any material adverse impact on the ability or resources of the Group in relation to the implementation of its business plan as stated under the section headed “Statement of Business Objectives” in this prospectus.

To the extent that the net proceeds from the Placing are not immediately applied for the above purposes, the Directors intend to place such net proceeds in short term interest earning deposits with licensed banks in Hong Kong.

In the event that there is any material modification to the use of proceeds as stated above, the Company will issue an announcement in compliance with the GEM Listing Rules.

In the event that any part of the business plan as set out in the section headed “Statement of Business Objectives” on page 75 of this prospectus does not materialise or proceed as planned, the Directors will carefully evaluate the situation and may reallocate the intended funding to other business plans and/or to new projects of the Group and/or to hold such fund in as short-term deposits as long as the Directors consider it to be in the best interest of the Company and its shareholders taken as a whole. In such event, an announcement will be made as and when appropriate for such purpose in compliance with the GEM Listing Rules.

## REORGANISATION

Details of the Company's reorganisation process are stated in Appendix V to this prospectus. As a result of the Reorganisation and the Capitalisation Issue, the existing shareholders' interests in the Company immediately after the Placing and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised) are summarised as follows:

Name of shareholder	Date of entry	Number of Shares held immediately after the Placing and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised)	Approximate percentage of shareholding immediately after the Placing and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised) %	Investment cost per Share HK\$
Best Today	21st March, 1998	1,169,479,600	68.80	0.0026 <i>Note 1</i>
Mr. Li Lai Ming,	28th December, 2000	37,637,000	2.22	0.26 <i>Note 2</i>
Ms. Ho Ping, Tanya,	28th December, 2000	33,869,700	1.99	0.26 <i>Note 3</i>
Mr. Tsang Man Chan	15th February, 2001	33,873,700	1.99	0.26 <i>Note 4</i>
Public shareholders		<u>425,000,000</u>	<u>25.00</u>	0.5
		<u><u>1,699,860,000</u></u>	<u><u>100</u></u>	

*Note 1:* Best Today is wholly owned by Mr. Lao Seng Peng and the investment cost is HK\$3,000,000.

*Note 2:* On 28th December, 2000, Mr. Li Lai Ming acquired 500 shares in Goldigit Limited for the consideration of HK\$17,500,000, which shares were subsequently exchanged for 67,993,000 Shares after the Reorganisation and the Capitalisation Issue. Under the Placing, Mr. Li Lai Ming will dispose 30,356,000 Shares at HK\$0.50 each.

Pursuant to a declaration given by Mr. Li Lai Ming dated 22nd June, 2001, Mr. Li Lai Ming has declared, inter alia, that he is independent of and not connected with or acting in concert with the Company, the Directors, the Substantial Shareholders, Initial Management Shareholders and/or the chief executive of the Company and its subsidiaries and their respective associates, and that the acquisition of shares in Goldigit Limited was not funded by any of the Company or any of its connected persons as mentioned herein.

*Note 3:* On 28th December, 2000, Ms. Ho Ping, Tanya acquired 450 shares in Goldigit Limited for the consideration of HK\$15,750,000, which shares were subsequently exchanged for 61,193,700 Shares after the Reorganisation and the Capitalisation Issue. Under the Placing, Ms. Ho Ping, Tanya will dispose 27,324,000 Shares at HK\$0.50 each.

Pursuant to a declaration given by Ms. Ho Ping, Tanya dated 22nd June, 2001, Ms. Ho Ping, Tanya has declared, inter alia, that she is independent of and not connected with or acting in concert with the Company, the directors, the Substantial Shareholders, Initial Management Shareholders and/or the chief executives of the Company and its subsidiaries and their respective associates, and that the acquisition of shares in Goldigit Limited was not funded by any of the Company or any of its connected persons as mentioned herein.

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*Note 4:* On 15th February, 2001, Mr. Tsang Man Chan acquired 450 shares in Goldigit Limited for the consideration of HK\$15,750,000, which shares were subsequently exchanged for 61,193,700 Shares after the Reorganisation and the Capitalisation Issue. Under the Placing, Mr. Tsang Man Chan will dispose of 27,320,000 Shares at HK\$0.50 each.

Pursuant to a declaration given by Mr. Tsang Man Chan dated 22nd June, 2001, Mr. Tsang Man Chan has declared, inter alia, that he is independent of and not connected with or acting in concert with the Company, the Directors, the Substantial Shareholders, Initial Management Shareholders and/or the chief executives of the Company and its subsidiaries and their respective associates, and that the acquisition of shares in Goldigit Limited was not funded by any of the Company or any of its connected persons as mentioned herein.

## RESTRICTION ON DISPOSAL OF SHARES

Name of shareholder	Shareholding and approximate Shareholding percentage (assuming that the Over allotment Option is not exercised) immediately after completion of the Capitalisation Issue and the Placing		Lock up period commencing from the Listing Date
	Number of Shares	%	
Best Today	1,169,479,600	68.80	6-12 months ( <i>Notes 1, 2&amp;3</i> )
Mr. Lao Seng Peng	1,169,479,600	68.80	12 months ( <i>Note 3</i> )

*Notes:*

1. Best Today is wholly owned by Mr. Lao Seng Peng who is the chairman of the Company.
2. Each of Best Today and Mr. Lao Seng Peng, being the Initial Management Shareholders, have undertaken to the Company, CPY, the Underwriters and the Stock Exchange not to dispose of (or enter into any agreement to dispose of) any of its Shares within the First Relevant Lock-up Period. Each of the Initial Management Shareholders has further undertaken not to dispose of (or enter into any agreement to dispose of) any Shares in the Second Relevant Lock-up Period which would result in the aggregate Shares held by the Initial Management Shareholders and their respective associates representing less than 35% of the issued share capital of the Company from time to time.
3. Mr. Lao Seng Peng has undertaken to the Company, CPY, the Underwriters and the Stock Exchange that he will not sell, transfer or otherwise dispose of (or enter into any agreement to dispose of) or permit the registered holder to dispose of (or enter into any agreement to dispose of) any of his direct or indirect interest in Best Today within the First Relevant Lock-up Period and the Second Relevant Lock-up Period.

## SUMMARY OF RISK FACTORS

The Directors consider that there are certain risks involved in the Group's business. These risks can be categorised into (i) risks relating to the Group; (ii) risks relating to the industry; (iii) risks relating to the PRC; and (iv) risks relating to the Shares, which are summarised as follows:

### (i) Risks relating to the Group

- Leakage or publication of confidential technical know-how
- Application for patent may not be approved
- Dependence on continuing research and development
- Reliance on one processing agent



- Reliance on the PRC market
  - Industry concentration
  - Dependence on key personnel
  - Potential product liability
  - Limited track record and regional distribution
  - Seasonal fluctuations of sales
  - Product concentration
  - Uncertainty in dividend payout
  - Trust agreement in respect of Fujian Goldigit
- (ii) Risks relating to the industry**
- Severe competition
  - Development of biotechnology on crop protection may reduce the demand
- (iii) Risks relating to the PRC**
- Changes in the PRC laws and regulations which may have adverse impacts on the Group
  - Government control of currency conversion and exchange rate risks
  - Loss of favourable taxation treatments
  - China's entry to the WTO intensifies competition faced by the Group
- (iv) Risks relating to the Shares**
- Price volatility and liquidity of the Shares
  - No moratorium against shares held by Pre-IPO Investors
  - Forward looking statements may not materialise

## STRUCTURE AND CONDITIONS OF THE PLACING

The Company is offering 340,000,000 New Shares for subscription pursuant to the Placing, and the Vendors are offering 85,000,000 Sale Shares for sale pursuant to the Placing, representing approximately 20 per cent. and 5 per cent. respectively of the issued share capital of the Company upon completion of the Capitalisation Issue and the Placing (excluding the Over-allotment Shares). The Placing is fully underwritten by the Underwriters, subject to the terms and conditions of the

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Underwriting Agreement. Further details are set out in the section headed “Structure and conditions of the Placing” in this prospectus.

## TRADING RECORD

The following is a summary of the combined audited results of the Group for the period from 21st March, 1998 (being the date on which 80% equity interest in Fujian Goldigit were deemed to be acquired by the Group) to 31st December, 1998, each of the two years ended 31st December, 2000 and the three months ended 31st March, 2001. This summary has been prepared on the basis that the existing structure of the Group had been in existence throughout the period under review and should be read in conjunction with the Accountants’ Report set out in Appendix I to this Prospectus.

	21st March, to 31st December, 1998 <i>HK\$'000</i>	Year ended 31st December, 1999      2000 <i>HK\$'000      HK\$'000</i>		3 months ended 31st March, 2001 <i>HK\$'000</i>
Turnover ( <i>Note 1</i> )	–	170	6,422	16,661
Cost of sales	–	(296)	(2,755)	(5,580)
Gross (loss)/profit	–	(126)	3,667	11,081
Other revenue	–	1,472	1	15
Selling expenses	–	(86)	(69)	(32)
Administrative expenses	(403)	(367)	(415)	(289)
Research and development costs	–	(437)	(62)	(447)
(Loss)/profit from operations	(403)	456	3,122	10,328
Income taxes	–	–	–	–
Net (loss)/profit after taxation but before minority interests	(403)	456	3,122	10,328
Minority interests	81	(91)	42	–
(Loss)/profit attributable to shareholders	<u>(322)</u>	<u>365</u>	<u>3,164</u>	<u>10,328</u>
Interim dividend	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,000</u>
(Loss)/earnings per Share, basic (cents) ( <i>Note 2</i> )	<u>(0.02)</u>	<u>0.03</u>	<u>0.23</u>	<u>0.76</u>

### Notes:

- Turnover represents the net invoiced value of merchandise sold after allowances for returns and discounts and sales tax.
- The calculation of basic (loss)/earnings per Share is based on the (loss)/profit attributable to shareholders for the period from 21st March, 1998 to 31st December, 1998 and each of the two years ended 31st December, 2000 and the three months ended 31st March, 2001 and a total of 1,359,860,000 Shares in issue after the Capitalisation Issues during such periods.

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During the Relevant Track Record Periods, the Group (i) had an amount due to a shareholder on which no interest expenses were charged; and (ii) produced the Propulsive Agent with the production facilities provided by the Harbin Institute of Technology, from whom the knowhow of the Group was acquired, free of charge. Had (i) the amount due to the shareholder been interest bearing at the prevailing best lending rates in Hong Kong during the Relevant Track Record Periods; and (ii) the production facilities been acquired by the Group on 1st July, 1998, being the date when the Group was deemed to have commenced its production, to 30th September, 2000, being the date when the Group acquired the production facilities, the Directors consider that the combined results of the Group after minority interests for the Relevant Track Record Periods would have been adjusted by the following notional amounts:

	<b>21st March, 1998 to 31st December, 1998 HK\$'000</b>	<b>Year ended 31st December, 1999 HK\$'000</b>	<b>2000 HK\$'000</b>	<b>3 months ended 31st March, 2001 HK\$'000</b>
Net (loss) profit for the period as set out under combined results above	(322)	365	3,164	10,328
Notional adjustments:				
Interest expenses on amount due to a shareholder	(160)	(199)	(287)	(79)
Cost of production facilities (Note)	(293)	(584)	(445)	–
	<u>(453)</u>	<u>(783)</u>	<u>(732)</u>	<u>(79)</u>
Amounts attributable to minority interests	<u>59</u>	<u>117</u>	<u>89</u>	<u>–</u>
Adjusted (loss) profit for the period	<u><u>(716)</u></u>	<u><u>(301)</u></u>	<u><u>2,521</u></u>	<u><u>10,249</u></u>

*Note:* Cost of production facilities is computed based on the assumption that the Group had acquired the production facilities in July 1998 for its own production of the Propulsive Agent and the acquisition was financed by the external borrowing funds at interest rates prevailing in the PRC during the Relevant Track Record Periods. The cost of production facilities comprised the depreciation charged on the production facilities and interest cost together with other related expenses.

## FORECAST FOR THE YEAR ENDING 31ST DECEMBER, 2001

Forecast profit after taxation but before extraordinary items (*Note 1*) ..... not less than HK\$60 million

### Earnings per Share

(a) Weighted average (*Note 2*) ..... HK\$3.93 cents  
 (b) Pro forma fully diluted  
 (Based on the Issue Price of HK\$0.5) (*Note 3*) ..... HK\$3.76 cents

## PLACING STATISTICS

Issue Price ..... HK\$0.50 per Share

Market Capitalisation (*Note 4*) ..... HK\$850 million

### Prospective price/earnings multiple (*Note 5*)

(a) Weighted average ..... 12.72 times  
 (b) Pro forma fully diluted ..... 13.29 times

Adjusted net tangible asset value per Share (*Note 6*) ..... HK\$10.22 cents

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*Notes:*

1. The bases and assumptions on which the above profit forecast have been prepared are set out in Appendix II. The Directors are not aware of any extraordinary items which have arisen or are likely to arise during the year ending 31st December, 2001.
2. The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast profit after taxation but before extraordinary items and a weighted average number of 1,526,599,726 Shares expected to be in issue during the year ending 31st December, 2001. It does not take into consideration any Shares which may fall to be issued upon exercise of the Over-allotment Option.
3. The calculation of the forecast earnings per Share on a pro forma fully diluted basis is based on the forecast profit after taxation but before extraordinary items for the year ending 31st December, 2001. It assumes that the Company had been listed since 1st January, 2001 and that the 1,699,860,000 Shares in issue following the Placing had been in issue on 1st January, 2001. The forecast profit after taxation but before extraordinary items of the Group for the year ending 31st December, 2001 has been adjusted to include interest income, which would have been earned if the proceeds from the Placing were received on 1st January, 2001 assuming an interest rate of 5% per annum. It takes no account of any Shares which may fall to be issued upon exercise of the Over-allotment Option.
4. The calculation of market capitalisation is based on the Issue Price and 1,699,860,000 Shares in issue immediately after the completion of the Placing and the Capitalisation Issue but takes no account of (a) any Shares which may be issued pursuant to the exercise of the Over-allotment Option or (b) any Shares which may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme or (c) the exercise by the Directors of the general mandate granted to them to allot and issue Shares or (d) any Shares which may be repurchased by the Company.
5. The calculation of the prospective price/earnings multiple on weighted average basis and a pro forma fully diluted basis is based on the forecast earnings per Share as set out in notes 2 and 3 above respectively.
6. The adjusted net tangible asset value per Share has been arrived at after the adjustments referred to in the section headed "Financial Information – Adjusted Net Tangible Assets" in this prospectus and on the basis of a total of 1,699,860,000 Shares in issue immediately following the completion of the Placing at the Issue Price and the Capitalisation Issue.

If the Over-allotment Option is exercised in full, the adjusted net tangible asset value per Share will be increased, while the earnings per Share will be diluted correspondingly. However, the Directors believe that this will not have any material effect on the shareholders of the Company.

There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in the section "Risk Factors". You should read this section carefully before you decide to invest in the Placing.