

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Pacific Challenge Holdings Limited
(太平洋興業集團有限公司)*
(incorporated in Bermuda with limited liability)

**Rights issue (“Rights Issue”) of not less than 144,434,000 new shares
and not more than 158,877,400 new shares
of HK\$0.10 each (“Shares”) (“Rights Shares”)
on the basis of one Rights Share for every two existing Shares held
at HK\$0.30 per Rights Share
payable in full on acceptance**

**Discloseable transaction
involving the conditional acquisition by a wholly owned subsidiary
of Pacific Challenge Holdings Limited
of a controlling interest in Trend Technology Limited**

Proposed change of name

**Financial adviser to Pacific Challenge Holdings Limited
in relation to the Rights Issue and underwriter for the Rights Issue**

CHATERON
CORPORATE FINANCE LIMITED
華夏 融資有限公司

THE RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$43.3 million and not more than approximately HK\$47.7 million, before expenses, by issuing not less than 144,434,000 new Shares and not more than 158,877,400 new Shares, by way of rights at a price of HK\$0.30 per Rights Share on the basis of one Rights Share for every two existing Shares held on the Record Date.

As at the date of this announcement, the Company has an issued share capital comprising 288,868,000 Shares and an aggregate of 28,886,800 Options outstanding in issue which, upon full exercise by the holders thereof on or before the Record Date, would result in the issue and allotment by the Company of an aggregate of 28,886,800 new Shares on or before the Record Date. After the Rights Issue, the Company’s issued share capital as enlarged by the issue of the Rights Shares shall comprise not less than 433,302,000 Shares and not more than 476,632,200 Shares (assuming all the outstanding Options are exercised by the holders thereof on or before the Record Date). The Rights Issue is not available to Excluded Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and has its address appearing on the register of members of the Company on that date in Hong Kong. In order to be registered as a member on the Record Date, any transfer of Shares (with the relevant Share certificates) must be lodged for registration by no later than 4:30 p.m. (Hong Kong time) on Thursday, 3 April 2003 with the Company's branch registrar in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. The register of members of the Company will be closed from Friday, 4 April 2003 to Tuesday, 8 April 2003, both dates inclusive. No transfers of Shares will be registered during this period. The latest time for acceptance of provisional allotments under the Rights Issue and payment for the Rights Shares is 4:00 p.m. (Hong Kong time) on Monday, 28 April 2003.

Existing Shares will be dealt in on an ex-rights basis commencing from Wednesday, 2 April 2003. The Rights Shares will be dealt in their nil-paid form during the period from Thursday, 10 April 2003 to Wednesday, 23 April 2003, both days inclusive. If the Underwriter terminates the Underwriting Agreement (see the sub-paragraph headed "Termination of the Underwriting Agreement" of the paragraph headed "Underwriting arrangements" under the section headed "The Rights Issue" of this announcement) or if the conditions of the Rights Issue (see the paragraph headed "Conditions of the Rights Issue" under the section headed "The Rights Issue" of this announcement) are not fulfilled, the Rights Issue will not proceed.

Kandy Profits, the controlling shareholder of the Company which is beneficially interested in 154,244,000 Shares representing a beneficial interest of approximately 53.4% in the issued share capital of the Company as at the date of this announcement, has irrevocably undertaken to subscribe for its pro-rata entitlement of 77,122,000 Rights Shares under the Rights Issue. Save for the Options, the Company does not have any warrants and/or any securities outstanding in issue which are convertible into Shares as at the date of this announcement. The balance of the Rights Issue, comprising not less than 67,312,000 Rights Shares and not more than 81,755,400 Rights Shares (assuming all the 28,886,800 Options shall be exercised by the holders thereof on or before the Record Date as a result of which an aggregate of 28,886,800 new Shares shall fall to be issued on or before the Record Date), will be fully underwritten by the Underwriter.

The net proceeds of the Rights Issue (after deduction of expenses), which are estimated to be not less than approximately HK\$41.1 million and not more than approximately HK\$45.5 million, will be used for the purpose of funding the Loan to be advanced by the Purchaser under the Loan Agreement. As referred to in the section headed "The Acquisition" of this announcement, the Acquisition is conditional. In the event of a termination of the Sale and Purchase Agreement and the Loan Agreement as a result of which completion of the Acquisition will not take place, the Directors intend to re-designate the entire net proceeds of the Rights Issue as the Group's general working capital, where part of which may be used by the Company to acquire or invest in appropriate businesses as and when such opportunities arise. The Directors confirm that no such business opportunities have been identified as at the date of this announcement.

Warning:

Any buying or selling of Shares commencing from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any buying or selling of nil-paid Rights Shares between Thursday, 10 April 2003 and Wednesday, 23 April 2003 (both days inclusive), is at the investor's own risk. Investors may wish to seek professional advice in this regard.

THE ACQUISITION

On 14 March 2003,

- (a) the Purchaser and Dr. Han entered into the Sale and Purchase Agreement pursuant to which the Purchaser conditionally agreed to acquire from Dr. Han his entire beneficial interest in Tone for a cash consideration of HK\$50 million;
- (b) the Purchaser and Tone entered into the Loan Agreement pursuant to which (i) the Purchaser agreed to grant to Tone the Loan in an aggregate principal amount of HK\$42.6 million upon completion of the Sale and Purchase Agreement; and (ii) Tone agreed to use the Loan for the sole purpose of funding the entire consideration payable by it under the Share Subscription Agreement; and
- (c) Tone and Trend entered into the Share Subscription Agreement pursuant to which Tone conditionally agreed to subscribe for 3,705,000 new shares in Trend for a cash consideration of HK\$42.6 million.

Tone has a beneficial interest in approximately 69.11% of the equity capital of Trend as at the date of this announcement and will be beneficially interested in approximately 80.55% of Trend's issued share capital immediately following completion of the Share Subscription Agreement. Trend in turn wholly and beneficially owns Trend (Erzhou) Technology, a wholly foreign-owned enterprise established in the PRC which is principally engaged in the research, development and manufacturing of bio-agricultural pesticide products in Gedian (葛店), Hubei province, the PRC.

Completion of the Sale and Purchase Agreement is conditional on the fulfillment or waiver of a number of conditions described in the paragraph headed "Completion of the Acquisition" under the section headed "The Acquisition" of this announcement and will not take place unless the Share Subscription Agreement is completed at the same time. The granting of the Loan is subject to and is to be effected upon completion of the Sale and Purchase Agreement. The Share Subscription Agreement is expected to be completed immediately upon or following the granting of the Loan.

Each of Dr. Han, Tone and the other existing shareholders of Trend is independent of and not connected with any of the directors, chief executive and substantial shareholders of the Company and its subsidiaries and any of their respective associates. Based on the foregoing and assuming that none of the 28,886,800 Options shall be exercised on or before the Record Date and hence the proceeds of the Rights Issue would amount to approximately HK\$41.1 million, the aggregate sum of the consideration payable by the Purchaser in respect of the Acquisition and the Loan amounts to HK\$92.6 million and shall be funded as to (i) approximately HK\$41.1 million from the net proceeds of the Rights Issue; and (ii) as to the remaining balance of approximately HK\$51.5 million from the Group's internal resources. The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. The Company shall issue and despatch a circular to the Shareholders containing, inter alia, details and terms and conditions of the Acquisition as required by the Listing Rules as soon as practicable.

PROPOSED CHANGE OF NAME

The Directors also propose to change the name of the Company to "New Times Group Holdings Limited" to reflect the change in control and management of the Company since Kandy Profits became the controlling shareholder of the Company in July 2002. The Directors consider that the

proposed new name of the Company appropriately heralds a new era for the Group as the new management is able to bring in a fresh outlook and alternative strategies for the Group's businesses and accordingly believe that the proposed new name of the Company suitably reflects this change. The proposed change of name will be subject to the approval of the Shareholders by way of a special resolution at a special general meeting of the Company and the Registrar of Companies in Bermuda granting the approval for the change of name, and shall take effect from the date on which the new name is entered into the register by the Registrar of Companies in Bermuda in place of the existing name. The Company will also adopt a new Chinese name “新時代集團控股有限公司” for identification purpose and for the purpose of registration in the Companies Registry in Hong Kong, subject to the approval of the Shareholders by way of a special resolution at a special general meeting of the Company and the Registrar of Companies in Hong Kong granting the relevant approval.

A circular containing details on the proposed change of name of the Company and the adoption of a new Chinese name together with a notice convening a special general meeting of the Company to consider and, if thought fit, approve the special resolution in relation to the change of name, will be despatched to the Shareholders as soon as practicable.

GENERAL

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 14 March 2003 pending the release of this announcement. Application has been made for a resumption in the trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 19 March 2003.

THE RIGHTS ISSUE

1. Issue Statistics

- Basis of the Rights Issue : One Rights Share for every two existing Shares held on the Record Date at a subscription price of HK\$0.30 per Rights Share. The Company also has an aggregate of 28,886,800 Options outstanding in issue as at the date of this announcement which, upon full exercise by the holders thereof on or before the Record Date, would result in the issue and allotment by the Company of an aggregate of 28,886,800 new Shares on or before the Record Date.
- Number of Shares in issue : 288,868,000 as at the date of this announcement.
- Number of Rights Shares : Not less than 144,434,000 Rights Shares and not more than 158,877,400 Rights Shares (assuming all the outstanding Options are exercised by the holders thereof on or before the Record Date).

Chateron has been appointed as the financial adviser to the Company in relation to the Rights Issue and as the underwriter for the Rights Issue.

2. Qualifying Shareholders

The Company will send the Prospectuses, the provisional allotment letters and forms of application for excess Rights Shares to Qualifying Shareholders only on the Record Date. The Company will send only the Prospectuses to the Excluded Shareholders, for information only, on the Record Date.

To qualify for the Rights Issue, a Shareholder must:

- be registered as a member of the Company on the Record Date; and
- have its address appearing on the register of members of the Company on the Record Date in Hong Kong.

In order to be registered as a member of the Company on the Record Date, all transfers of Shares (with the relevant Share certificates) must be lodged with the Company's branch registrar in Hong Kong by no later than 4:30 p.m. (Hong Kong time) on Thursday, 3 April 2003.

The Company's branch registrar in Hong Kong is:

Tengis Limited
G/F,
Bank of East Asia Harbour View Centre,
56 Gloucester Road,
Wanchai,
Hong Kong

Holders of outstanding Options who wish to participate in the Rights Issue should exercise the subscription rights attaching to the Options in accordance with their respective terms on or before 4:00 p.m. (Hong Kong time) on Thursday, 3 April 2003 so as to enable them to be registered as Shareholders on or before the Record Date.

The register of members of the Company will be closed from Friday, 4 April 2003 to Tuesday, 8 April 2003, both dates inclusive. No transfers of Shares will be registered during this period.

3. Subscription price for the Rights Shares

HK\$0.30 per Rights Share, payable in full upon the acceptances of provisional allotments and (where applicable) applications for excess Rights Shares under the Rights Issue.

The subscription price per Rights Share of HK\$0.30 (the "**Subscription Price**") represents a discount of (i) approximately 18.9% to the closing price of the Shares of HK\$0.37 (the "**Closing Price**") as quoted on the Stock Exchange on 13 March 2003 (being the last trading day of the Shares on the Stock Exchange prior to the date of this announcement); (ii) approximately 13.5% to the theoretical ex-rights price of approximately HK\$0.347 per Share based on the Closing Price; (iii) approximately 31.0% to the average closing price per Share of approximately HK\$0.435 (the "**Average Price**") for the period of 10 trading days up to and including 13 March 2003; and (iv) approximately 23.1% to the theoretical ex-rights price per Share of approximately HK\$0.39 determined on the basis of the Average Price.

Each Rights Share has a nominal value of HK\$0.10. The Subscription Price is determined after arm's length negotiations between the Company and the Underwriter.

4. Basis of provisional allotments

One Rights Share for every two existing Shares held by a Qualifying Shareholder on the Record Date.

5. Status of the Rights Shares

When allotted and fully paid, the Rights Shares will rank pari passu with the then existing Shares in issue and holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Rights Shares by the Company.

Dealings in nil-paid and fully-paid Rights Shares will be subject to payment of stamp duty in Hong Kong. Nil-paid Rights Shares will be traded in board lots of 2,000 Shares each, which is the same as the existing board lot size of the Shares.

6. Share certificates

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to subscribers who are allotted the relevant Rights Shares, at their own risk, on or before Friday, 9 May 2003.

7. Rights of Excluded Shareholders

The Rights Issue Documents will not be registered or filed under the securities legislations of overseas jurisdictions other than Hong Kong and Bermuda. The Directors will exercise the discretion granted to them under the bye-laws of the Company not to offer the Rights Shares to the Excluded Shareholders with registered addresses in territories other than Hong Kong where, in the opinion of the Directors, it would or might be unlawful or impracticable to offer Rights Shares in such places without registration of the Rights Issue Documents and/or compliance with any legal or regulatory requirements or special formalities in such places. Accordingly, if, on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder cannot take part in the Rights Issue (except for Kandy Profits and Kistefos). On the Record Date, the Company will send the Prospectuses to the Excluded Shareholders, for their information only, and will not send provisional allotment letters or forms of application for excess Rights Shares to the Excluded Shareholders.

If a premium (net of expenses) can be obtained, the Company will arrange for the sale of those Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders once dealings in the nil-paid Rights Shares commence on the Stock Exchange. The proceeds of each sale, less expenses, of HK\$100 or more will be paid pro-rata to the shareholdings of the Excluded Shareholders, in Hong Kong dollars. The Company will keep individual amounts of less than HK\$100 for its own benefit.

8. Fractions of Rights Shares

In accordance with the bye-laws of the Company, the Company will not allot any fractions of Rights Shares to Qualifying Shareholders. All fractions of Rights Shares will be aggregated and all Rights Shares arising from such aggregation will be allotted in nil-paid form to a nominee of the Company and sold in the market for the benefit of the Company.

9. Applications for excess Rights Shares

Qualifying Shareholders may apply for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted to but not accepted by Qualifying Shareholders.

Applications may be made by completing the form of application for excess Rights Shares. The Directors will allocate the Rights Shares at their discretion on a fair and reasonable basis, but the Directors will give preference to topping-up odd lots to whole board lots.

Neither Kandy Profits, the Company's controlling shareholder, nor Chateron (as the Underwriter for the Rights Issue) has indicated that it will apply for any excess Rights Shares under the Rights Issue.

10. Application for the listing of and permission to deal in the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

11. Underwriting arrangements

Irrevocable Undertaking by Kandy Profits:

Kandy Profits, the controlling shareholder of the Company which is beneficially interested in 154,244,000 Shares representing a beneficial interest of approximately 53.4% in the issued share capital of the Company as at the date of the announcement, has irrevocably undertaken to the Company and the Underwriter that it will take up its provisional allotment of, and will subscribe for, 77,122,000 Rights Shares which represent its pro-rata entitlement under the Rights Issue.

Underwriting Agreement:

Date : 14 March 2003.

Underwriter : Chateron, which is a wholly owned subsidiary of the Company. Chateron has agreed that, in the event that it is called upon to take up any Rights Shares which it has agreed to underwrite, it will place out all such Rights Shares. In this regard, Chateron shall use its reasonable endeavours to ensure that the subscribers of such Rights Shares shall be third parties who are independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company and its subsidiaries and any of their respective associates.

The entering into of the Underwriting Agreement between the Company and its wholly owned subsidiary, Chateron, is exempted from any disclosure or shareholders' approval requirements as connected transactions under Rule 14.24(6)(c) of the Listing Rules.

Number of Rights Shares underwritten : Not less than 67,312,000 Rights Shares and not more than 81,755,400 Rights Shares (assuming all the 28,886,800 Options shall be fully exercised by the holders thereof on or before the Record Date as a result of which an aggregate of 28,886,800 new Shares shall fall to be issued on or before the Record Date) which represent approximately 46.6% and approximately 51.5%, respectively, of the aggregate number of Rights Shares falling to be issued under the Rights Issue.

The Rights Issue is fully underwritten.

Underwriting commission : 3% of the aggregate Subscription Price of the Rights Shares underwritten by the Underwriter, out of which the Underwriter will bear its own sub-underwriting commissions.

Termination of the Underwriting Agreement:

The Underwriter reserves the right to terminate the arrangements as set out in the Underwriting Agreement which shall be exercisable by notice in writing given by the Underwriter to the Company at any time prior to 4:00 p.m. (Hong Kong time) on the third business day immediately following the last day of acceptance of provisional allotments under the Rights Issue and payment for the Rights Shares, being Monday, 28 April 2003 (or such other time or date as the Company and the Underwriter may agree in writing), if:

- 1. the occurrence of the following events would, in the absolute opinion of the Underwriter, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue:**
 - (a) the introduction of any new law or regulation or any change in existing law or regulation or any material change in the judicial interpretation or application thereof or other occurrence of any nature whatsoever; or**
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event of change in relation to or a development of an existing state of affairs) of a political, military, financial, regulatory, economic, currency or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict) resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in political, economic or stock market conditions; or**

- (c) **the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or**
 - (d) **a change or development involving a prospective material change in taxation in Hong Kong or Bermuda or the implementation of exchange controls which shall or might materially adversely affect the Company; or**
 - (e) **the occurrence of any material change in market conditions, taxation or exchange control or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities); or**
 - (f) **any material change in the conditions of local, national or international securities markets; or**
2. **the Underwriter shall receive notification pursuant to the Underwriting Agreement or shall otherwise become aware of the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or**
 3. **any change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the business, financial or trading position or prospects of the Group as a whole; or**
 4. **the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission would have a material and adverse effect on the business, financial or trading position of the Group as a whole; or**
 5. **the occurrence of any event, or series of events, beyond the control of the Underwriter (including, without limitation, acts of government, strike, lock-outs, fire, explosion, flooding, civil commotion, acts of war or acts of God) which in the reasonable opinion of the Underwriter has or would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Rights Issue or pursuant to the underwriting thereof.**

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claims against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter such fees as may then be agreed between the Underwriter and the Company, and that the Company shall on demand indemnify the Underwriter and its directors, officers and employees and hold each of the Underwriter and its directors, officers and employees indemnified against all loss or liability of any nature suffered by it (including, without limitation, claims, costs, charges

and expenses) whatsoever arising from or in respect of certain events as provided for in the Underwriting Agreement. If the Underwriter exercises such right and terminates the Underwriting Agreement, the Rights Issue will not proceed.

12. Conditions of the Rights Issue

The Rights Issue is conditional upon, inter alia, each of the following happening on or before 4:00 pm on the third business day immediately following the last day of acceptance of provisional allotments under the Rights Issue and payment for the Rights Shares, being Monday, 28 April 2003 (or such other time or date as the Company and the Underwriter may agree in writing):

- (a) the completion by Kandy Profits of all its liabilities and obligations pursuant to the irrevocable undertaking by Kandy Profits as referred to in the paragraph headed “Underwriting arrangements” above in all respects;
- (b) the Company registering all relevant documents with the Registrar of Companies in Bermuda in compliance with the Companies Act 1981 of Bermuda and with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and delivery of any such relevant documents to the Stock Exchange;
- (c) the Company having obtained the necessary permission of the Bermuda Monetary Authority for the issue of the Rights Shares;
- (d) the posting of the Rights Issue Documents to Qualifying Shareholders (and, for information purpose only, the Prospectuses to the Excluded Shareholders) on the Record Date;
- (e) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms; and
- (f) the obligations of the Underwriter pursuant to the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms.

13. Shareholding structures of the Company before and after the Rights Issue

Set out below are the shareholding structures of the Company before and after the Rights Issue, assuming that:

- (i) under Scenario 1, all the existing Shareholders will subscribe for their provisional allotments of the Rights Shares;
- (ii) under Scenario 2, Kistefos will subscribe for its provisional allotment of the Rights Shares but the public Shareholders will not subscribe for their provisional allotments of the Rights Shares (which will however be fully underwritten by the Underwriter);
- (iii) under Scenario 3, Kistefos will not subscribe for its provisional allotment of the Rights Shares (which will however be fully underwritten by the Underwriter) but the public Shareholders will subscribe for their provisional allotments of the Rights Shares; and

(iv) the Underwriter shall procure independent investors, who are independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company and its subsidiaries and any of their respective associates, to subscribe for all the Rights Shares underwritten by it so that none of such investors shall become a substantial shareholder having a beneficial shareholding in excess of 10% of the Company's enlarged issued share capital after the Rights Issue:—

(a) *Assuming that none of the 28,886,800 outstanding Options shall be exercised on or before the Record Date*

	Before the Rights Issue		Scenario 1		After the Rights Issue Scenario 2		Scenario 3	
	Number of Shares	% interest	Number of Shares	% interest	Number of Shares	% interest	Number of Shares	% interest
Kandy Profits	154,244,000	53.4%	231,366,000	53.4%	231,366,000	53.4%	231,366,000	53.4%
Kistefos	62,400,000	21.6%	93,600,000	21.6%	93,600,000	21.6%	62,400,000	14.4%
Public Shareholders:— Underwritten by Chateron (Note 1)	-	-	-	-	36,112,000	8.3%	31,200,000	7.2%
Existing public Shareholders	72,224,000	25.0%	108,336,000	25.0%	72,224,000	16.7%	108,336,000	25.0%
	<u>72,224,000</u>	<u>25.0%</u>	<u>108,336,000</u>	<u>25.0%</u>	<u>108,336,000</u>	<u>25.0%</u>	<u>139,536,000</u>	<u>32.2%</u>
Total	<u>288,868,000</u>	<u>100%</u>	<u>433,302,000</u>	<u>100%</u>	<u>433,302,000</u>	<u>100%</u>	<u>433,302,000</u>	<u>100%</u>

(b) *Assuming that all of the 28,886,800 outstanding Options shall be exercised on or before the Record Date*

	Before the Rights Issue		Scenario 1		After the Rights Issue Scenario 2		Scenario 3	
	Number of Shares	% interest	Number of Shares	% interest	Number of Shares	% interest	Number of Shares	% interest
Kandy Profits	154,244,000	48.6%	231,366,000	48.6%	231,366,000	48.6%	231,366,000	48.6%
Kistefos	62,400,000	19.6%	93,600,000	19.6%	93,600,000	19.6%	62,400,000	13.1%
Public Shareholders:— Underwritten by Chateron (Note 1)	-	-	-	-	50,555,400	10.6%	31,200,000	6.5%
Existing public Shareholders (Note 2)	101,110,800	31.8%	151,666,200	31.8%	101,110,800	21.2%	151,666,200	31.8%
	<u>101,110,800</u>	<u>31.8%</u>	<u>151,666,200</u>	<u>31.8%</u>	<u>151,666,200</u>	<u>31.8%</u>	<u>182,866,200</u>	<u>38.3%</u>
Total	<u>317,754,800</u>	<u>100%</u>	<u>476,632,200</u>	<u>100%</u>	<u>476,632,200</u>	<u>100%</u>	<u>476,632,200</u>	<u>100%</u>

Notes:

- 1. The amount to be underwritten by Chateron will be placed out to third parties who are independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company and its subsidiaries and any of their respective associates, where none of whom shall become a substantial shareholder having a beneficial shareholding in excess of 10% of the Company's enlarged issued share capital after the Rights Issue.*
- 2. Including the Group's employees to whom the 28,886,800 outstanding Options were allotted.*

14. Reasons for the Rights Issue

The Company and its subsidiaries are principally engaged in (i) the provision of corporate finance and investment advisory services; (ii) manufacturing and trading; and (iii) investment activities.

For the financial year ended 31 March 2002, the Company reported audited consolidated turnover and consolidated net loss attributable to Shareholders of approximately HK\$45.0 million and HK\$39.9 million, respectively (year ended 31 March 2001: audited consolidated turnover and consolidated net profit attributable to Shareholders of approximately HK\$48.5 million and HK\$10.8 million, respectively). As referred to in the Company's annual report and accounts for the year ended 31 March 2002, the Group's net loss for the year then ended was attributable to (i) the unfavourable sentiment of the global economy, as a result of which the Group made a provision for investments and loss on revaluation on marketable securities of approximately HK\$16.3 million during the year then ended; and (ii) legal and professional expenses incurred and provided for by the Group during the year then ended of approximately HK\$18.1 million in relation to litigation matters.

For the six months ended 30 September 2002, the Company reported unaudited consolidated turnover and consolidated net loss attributable to Shareholders of approximately HK\$19.8 million and HK\$28.0 million, respectively (six months ended 30 September 2001: unaudited consolidated turnover and consolidated net loss attributable to Shareholders of approximately HK\$14.2 million and HK\$19.3 million, respectively). As referred to in the Company's interim report for the six months ended 30 September 2002, the Group's increased net loss for the six months ended 30 September 2002 (when compared with that for the corresponding six months ended 30 September 2001) was attributable to the provision made by the Group for unrealized loss on marketable securities which amounted to approximately HK\$17.3 million during the six months ended 30 September 2002. The Directors are of the view that despite the continuing problems of deflation and unemployment in Hong Kong and the continuing volatility in the global economy, Hong Kong will continue to play an important role in channeling funds after the accession of the PRC into the World Trade Organization. Therefore, under the Group's business plans, the Directors will actively look into appropriate business and investment opportunities for the Group. In this regard, the Directors consider that based on the details of the Acquisition as set out in the section headed "The Acquisition" below, the Acquisition constitutes an attractive investment opportunity for the Group which accords with the Group's business plans as discussed above.

As referred to in the Company's interim report for the six months ended 30 September 2002, the Group maintained aggregate cash and bank balances of approximately HK\$111 million and the Group did not have any bank borrowings as at 30 September 2002, as a result of which the Group maintained a current ratio (being the Group's total current assets expressed as a ratio of the Group's total current liabilities) of about 5.4 times as at 30 September 2002. In this regard, the Directors consider that notwithstanding the Group's financially healthy position as referred to above, the

Directors are also aware of the prevailing weak stock market sentiment in Hong Kong which generally makes fund raising activities in the capital markets difficult to materialize. In view of the Company's successful procurement of underwriting interests for the Rights Issue, the Directors therefore consider that it would be in the best interest of the Company to seize the first available opportunity offered under the Rights Issue as it would enable the Company to broaden its capital base and to raise the requisite funding for the purpose of satisfying the consideration payable by the Purchaser under the Acquisition and in funding the advance of the Loan, details of which are discussed in the section headed "The Acquisition" below.

As the Rights Issue would also allow the participating Qualifying Shareholders to maintain their respective pro-rata shareholdings in the Company, the Directors consider that it is in the best interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

15. Use of proceeds of the Rights Issue

The net proceeds of the Rights Issue, after deduction of expenses, are estimated to be not less than approximately HK\$41.1 million and not more than approximately HK\$45.5 million, and will be used for the purpose of funding the advance of the Loan.

As referred to in the section headed "The Acquisition" below, the Acquisition is conditional. In the event of a termination of the Sale and Purchase Agreement and the Loan Agreement as a result of which completion of the Acquisition will not take place, the Directors intend to re-designate the entire net proceeds of the Rights Issue as the Group's general working capital, where part of which may be used by the Company to acquire or invest in appropriate businesses as and when such opportunities arise. The Directors confirm that no such business opportunities have been identified as at the date of this announcement.

16. Expected timetable in relation to the Rights Issue

2003

Last day of dealings in Shares on the Stock Exchange on a cum-rights basis.	Tuesday, 1 April
First day of dealings in Shares on the Stock Exchange on an ex-rights basis.	Wednesday, 2 April
Latest time for holders of the Options to exercise the subscription rights attaching to their Options in order to qualify for the Rights Issue.	4:00 p.m. (Hong Kong time) on Thursday, 3 April
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue.	4:30 p.m. (Hong Kong time) on Thursday, 3 April
Register of members closed to determine eligibility for the Rights Issue (both dates inclusive)	Friday, 4 April to Tuesday, 8 April
Record Date	Tuesday, 8 April
Despatch of the Rights Issue Documents	Tuesday, 8 April
Register of members re-opens	Wednesday, 9 April
First day of dealings in nil-paid Rights Shares on the Stock Exchange	Thursday, 10 April
Latest time for splitting nil-paid Rights Shares on the Stock Exchange	4:00 p.m. (Hong Kong time) on Wednesday, 16 April
Last day of dealings in nil-paid Rights Shares on the Stock Exchange	Wednesday, 23 April
Latest time for acceptance of provisional allotments under the Rights Issue and payment for the Rights Shares and application for excess Rights Shares	4:00 p.m. (Hong Kong time) on Monday, 28 April
Rights Issue expected to become unconditional	Friday, 2 May
Announcement of the results of the Rights Issue to be published	Monday, 5 May
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares to be despatched on or before	Friday, 9 May
Certificates for the fully-paid Rights Shares to be despatched on or before	Friday, 9 May
Commencement of dealings in the Rights Shares on the Stock Exchange	Tuesday, 13 May

THE ACQUISITION

1. Sale and Purchase Agreement dated 14 March 2003

Parties:

Vendor : Dr. Han, who is independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company and its subsidiaries and any of their respective associates. Other than the transactions contemplated under or in respect of the Acquisition, neither the Company nor any of the Directors have/had any current/previous business, personal or other relationships with Dr. Han

Purchaser : Powerful Union Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company

Assets being acquired:

The entire issued share capital of Tone, which is a company incorporated in the British Virgin Islands on 20 January 2000 and which has a beneficial interest in approximately 69.11% of the equity capital of Trend as at the date of this announcement. Dr. Han has warranted and confirmed to the Purchaser that, apart from its interest in Trend, Tone does not own any asset or have any liability or carry on any business.

Consideration:

HK\$50 million, which amount is payable by the Purchaser in cash on completion of the Sale and Purchase Agreement and which amount is intended to be funded from the Group's internal resources. The consideration payable by the Purchaser was determined and agreed between the Purchaser and Dr. Han based on arm's length negotiations, and the basis on which it was determined is further described in the paragraph headed "Basis for determination" below.

Completion of the Sale and Purchase Agreement is conditional upon the fulfilment or waiver, as applicable, of a number of conditions referred to in the paragraph headed "Completion of the Acquisition" below, and will not take place unless the Share Subscription Agreement is completed simultaneously.

2. Loan Agreement dated 14 March 2003

Parties:

Lender : Purchaser

Borrower : Tone, who is independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company and its subsidiaries and any of their respective associates

Principal terms:

- Principal amount : An unsecured loan in an aggregate principal amount of HK\$42.6 million. The granting of the Loan by the Purchaser to Tone is subject to and will be effected upon completion of the Sale and Purchase Agreement. Assuming that none of the 28,886,800 Options shall be exercised on or before the Record Date and hence the net proceeds of the Rights Issue would amount to approximately HK\$41.1 million, then the principal of the Loan are intended to be funded as to HK\$41.1 million from the net proceeds of the Rights Issue and as to the remaining HK\$1.5 million from the Group's internal resources. On the other hand, assuming that all of the 28,886,800 Options shall be exercised on or before the Record Date and hence the net proceeds of the Rights Issue would amount to approximately HK\$45.5 million, then the principal of the Loan shall be funded entirely from the net proceeds of the Rights Issue.
- Repayment : The Loan is repayable in one lump sum upon the service of a written notice of at least 5 business days by the Purchaser on Tone.
- Interest rate : a rate per annum equal to the prime lending rate quoted for Hong Kong dollars from time to time by The Hong Kong and Shanghai Banking Corporation Limited, accrued on a daily basis and payable together with the entire principal amount of the Loan upon maturity of the Loan.
- Prepayment : Tone is entitled, by giving not less than 7 days' notice in writing to the Purchaser, to repay the whole or any part of the outstanding principal amount of the Loan (together with accrued interest) without penalty.
- Purpose : Tone shall use the entire proceeds of the Loan to satisfy the cash consideration payable by it under the Share Subscription Agreement, details of which are summarized in the following paragraph headed "Share Subscription Agreement dated 14 March 2003".

3. Share Subscription Agreement dated 14 March 2003

On 14 March 2003, Tone and Trend entered into the Share Subscription Agreement pursuant to which Tone will subscribe for 3,705,000 new shares of Trend for a cash consideration of HK\$42.6 million payable upon completion. Such 3,705,000 new shares of Trend represent approximately 37.05% of the enlarged issued share capital of Trend after completion of the Share Subscription Agreement. As at the date of this announcement, Tone is beneficially interested in approximately 69.11% of Trend's existing issued share capital. Immediately following completion of the Share Subscription Agreement, Tone will be beneficially interested in approximately 80.55% of Trend's enlarged issued share capital. The consideration of HK\$42.6 million payable by Tone under the Share Subscription Agreement will be funded entirely from the proceeds of the Loan to be advanced to it by the Purchaser under the Loan Agreement.

The Share Subscription Agreement, if completed, will enable Trend to derive proceeds of HK\$42.6 million for the purpose of funding Trend's general working capital and the business operations of Trend's wholly owned subsidiary, Trend (Erzhou) Technology, in the research, development and manufacturing of bio-agricultural pesticide products in the PRC.

Completion of the Share Subscription Agreement will take place upon the proceeds of the Loan being made available to Tone by the Purchaser, and is expected to take place simultaneously with completion of the Sale and Purchase Agreement. According to the constitutional documents of Trend and the information supplied by Tone, no approval from the other shareholders of Trend is required for the issue of new shares by Trend pursuant to the Share Subscription Agreement and none of the other shareholders of Trend is required to inject any capital into Trend by virtue of the transactions contemplated under the Share Subscription Agreement.

4. Basis for determination

The consideration payable by the Purchaser for the Acquisition amounts to HK\$50 million and the Loan to be advanced by the Purchaser to fund Tone's acquisition of a further interest in Trend pursuant to the Share Subscription Agreement amounts to HK\$42.6 million, totalling HK\$92.6 million in aggregate.

The Purchaser was informed by Dr. Han that no financial accounts have been prepared by Tone since the date of its incorporation on 20 January 2000 up to the date of this announcement, for reason that apart from its approximately 69.11% interest in Trend and apart from the transactions contemplated under the Loan Agreement and the Share Subscription Agreement, Tone does not own any asset or have any liability or carry on any business up to the date of this announcement.

No audited financial accounts have been prepared by Trend since the date of its incorporation on 12 January 2000 or by its wholly owned subsidiary, Trend (Erzhou) Technology, since the date of its establishment up to the date of this announcement, for reason that as referred to in the paragraph headed "Financial information about Trend" below, Trend (Erzhou) Technology has not yet commenced its commercial operation in the manufacture of bio-agricultural pesticide products in the PRC on a commercial scale as at the date of this announcement. Therefore, based on its unaudited combined financial statements, Trend recorded unaudited combined net tangible assets of approximately RMB42.1 million (equivalent to approximately HK\$39.3 million) as at 31 December 2002. Taking into account the proceeds of HK\$42.6 million to be derived from the Share Subscription Agreement, the resultant unaudited combined net tangible assets of Trend would amount to approximately RMB87.6 million (equivalent to approximately HK\$81.9 million) immediately following completion of the Share Subscription Agreement. Completion of the Share Subscription Agreement is expected to take place simultaneously with completion of the Sale and Purchase Agreement, as a result of which the Purchaser will, through its interest in Tone, be interested in approximately 80.55% of the enlarged issued share capital of Trend after the completion of the Share Subscription Agreement.

The abovementioned aggregate amount of HK\$92.6 million, of which about 54% is represented by the HK\$50 million consideration payable under the Sale and Purchase Agreement and the remaining 46% is represented by the HK\$42.6 million to be derived from the Loan, was determined and agreed between the Purchaser and Dr. Han based on arm's length negotiations and having regard to an approximately 80.55% attributable interest in the resultant unaudited combined net tangible assets of Trend of approximately HK\$81.9 million immediately following completion of the Sale

and Purchase Agreement and the Share Subscription Agreement as referred to above. Such aggregate amount of HK\$92.6 million represents a premium of approximately 40.3% to the amount of HK\$66.0 million which is equivalent to an approximately 80.55% attributable interest in the unaudited combined net tangible assets of Trend following completion of the Sale and Purchase Agreement and the Share Subscription Agreement. In determining the premium as represented by the aggregate consideration and the Loan of HK\$92.6 million which is payable by the Purchaser under the Sale and Purchase Agreement and the Loan Agreement as referred to above, the Purchaser has given regard to the growth and development potentials of bio-agricultural pesticide products in the PRC and overseas markets as discussed in the paragraph headed “Reasons for the Acquisition” below, and hence the prospects to the Group arising from the Acquisition.

Having considered the reasons described in the paragraph headed “Reasons for the Acquisition” below, the Directors (including independent non-executive Directors) believe that it is the interests of the Purchaser to enter into the Sale and Purchase Agreement and the Loan Agreement and that the terms of these agreements, including the amounts payable by the Purchaser under these agreements, are fair and reasonable.

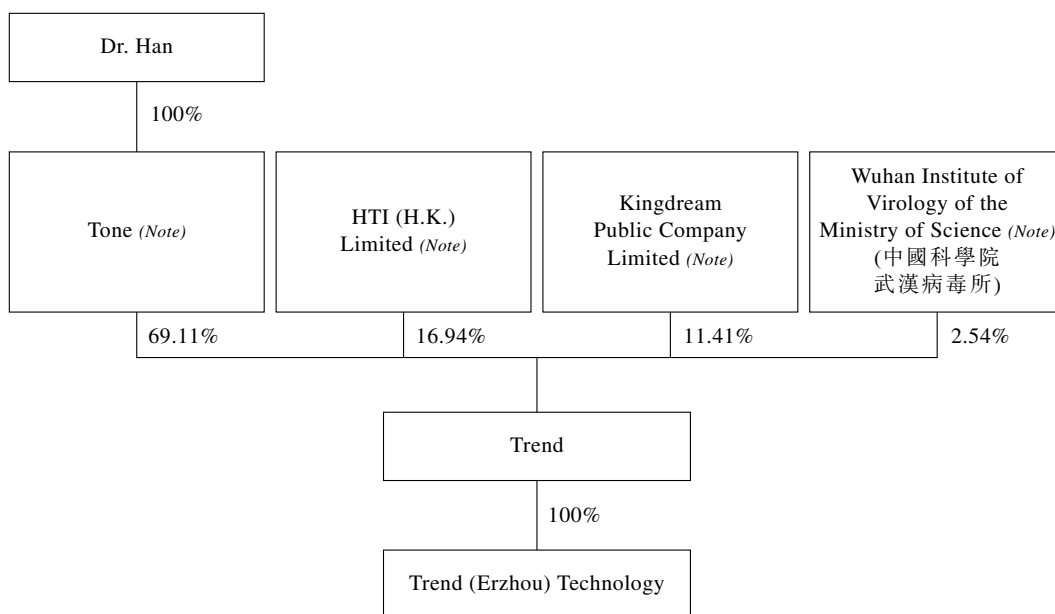
5. Funding of the Acquisition

Based on the foregoing and assuming that none of the 28,886,800 Options shall be exercised on or before the Record Date and hence the net proceeds of the Rights Issue would amount to approximately HK\$41.1 million, the aggregate sum of the consideration payable by the Purchaser under the Acquisition and the Loan amounts to HK\$92.6 million and is intended to be funded as to (i) approximately HK\$41.1 million from the net proceeds of the Rights Issue; and (ii) as to the remaining balance of approximately HK\$51.5 million from the Group’s internal resources.

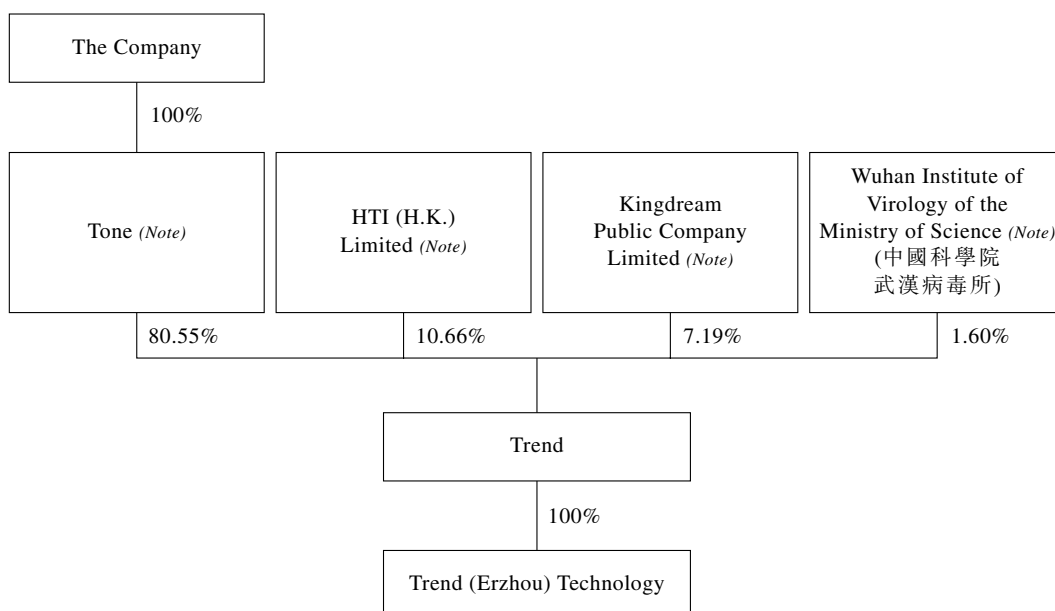
6. Shareholding structure and other information about Trend

Set out below are the shareholding structures of Trend before and after the completion of the Acquisition and the completion of the Share Subscription Agreement:–

Before the completion of the Acquisition and the completion of the Share Subscription Agreement



After the completion of the Acquisition and the completion of the Share Subscription Agreement



Note: Each of Tone and the other shareholders of Trend is not connected with any of the directors, chief executive or substantial shareholders of the Company and its subsidiaries and any of their respective associates.

The sole asset of Trend is its entire beneficial interest in Trend (Erzhou) Technology, a wholly foreign-owned enterprise established in the PRC which is located in Hubei Gedian Economic and Technology Development Zone (湖北省葛店經濟技術開發區) and which is engaged in the research, development and manufacturing of bio-agricultural pesticide products in Gedian (葛店), Hubei province, the PRC.

7. Financial information about Trend

As at the date of this announcement, Trend (Erzhou) Technology has not yet commenced its commercial operation in the manufacture of bio-agricultural pesticide products in the PRC on a commercial scale. Accordingly, no profit and loss accounts have been prepared by Trend since its date of incorporation of 12 January 2000. Nevertheless, based on information supplied by Tone, the aggregate administrative and operating costs incurred by Trend and its subsidiaries amounted to approximately RMB1.45 million (equivalent to approximately HK\$1.36 million) and RMB1.27 million (equivalent to approximately HK\$1.19 million) during the two years ended 31 December 2001 and 31 December 2002, respectively, which amounts have been capitalized as deferred assets of Trend and which will be amortised or written off by Trend upon commencement of commercial operation.

Trend is currently undertaking research and development of bio-agricultural pesticide products using certain bio-chemical virus technologies which deploy the DNA restructuring process. The Purchaser understands from Tone that Trend plans to commence commercial production for a maximum annual output capacity of 5,000 tonnes of bio-agricultural pesticide products during the year 2003, which are initially targeted for sales and distribution in Xinjiang province (being the largest cotton growing province in the PRC) as well as in provinces along the Yellow River region, Guangdong, Guangxi, Hainan and Sichuan provinces which are provinces in the PRC predominantly engaged in agricultural activities. Trend also intends to expand the sales and distribution of its bio-agricultural pesticide products to overseas markets after it has established a market share in the PRC.

Based on Trend's unaudited combined management accounts as at 31 December 2002, the unaudited combined net assets of Trend amounted to approximately RMB50.7 million (equivalent to approximately HK\$47.4 million) which mainly comprises (i) fixed assets of approximately RMB17.6 million (equivalent to approximately HK\$16.4 million) of which land use rights were stated at cost of RMB10 million (equivalent to approximately HK\$9.3 million); (ii) construction in progress of approximately RMB19.5 million (equivalent to approximately HK\$18.2 million); and (iii) intangible assets of approximately RMB8.6 million (equivalent to approximately HK\$8.0 million) of which RMB5.9 million (equivalent to approximately HK\$5.5 million) relates to the cost of the usage rights in respect of certain bio-chemical virus technologies which were assigned from a shareholder of Trend in favour of Trend (Erzhou) Technology. Based on the foregoing, the unaudited combined net tangible assets of Trend as at 31 December 2002 amounted to approximately RMB42.1 million (equivalent to approximately HK\$39.3 million).

8. Completion of the Acquisition

Completion of the Acquisition is conditional upon all of the following conditions being fulfilled or waived, if applicable, on or before the date falling 90 days after the date of the Sale and Purchase Agreement (i.e. 12 June 2003) or such other date as may be agreed between the Purchaser and Dr. Han:–

- (a) the result of a due diligence exercise to be carried out by the Purchaser in the properties, assets, liabilities and business of Tone, Trend and Trend (Erzhou) Technology and on the books, records, constitutional documents, contracts, accounting records and any other documents relating to any of them and their respective assets, properties and businesses being satisfactory to the Purchaser (including, without limitation, the receipt by the Purchaser of such legal opinions as it considers necessary and in such form and substance as are satisfactory to it for the purposes of such due diligence exercise) and written notice to that effect having been given to Dr. Han;
- (b) all necessary consents, permits, approvals, licences and authorisations having been obtained from, and all necessary filings and registrations having been performed with, all relevant governmental, regulatory and other authorities, agencies and departments in Hong Kong and in any other applicable jurisdiction in connection with the transactions contemplated under the Sale and Purchase Agreement and the Share Subscription Agreement, the implementation of and all other matters incidental to any or all of the abovementioned agreements; and
- (c) the Rights Issue having been completed.

The Purchaser has the discretion to waive all or any part of the condition set out in paragraph (a) above. If the conditions set out above are not fulfilled or so waived by 12 June 2003 or such other date as the Purchaser and Dr. Han may agree, the Sale and Purchase Agreement will, subject to the liability of any party to the other in respect of any antecedent breaches, be null and void and of no effect. If the Sale and Purchase Agreement is terminated, then the Purchaser's obligations under the Loan Agreement (including its obligation to grant the Loan) will also cease.

In the event of a termination of the Sale and Purchase Agreement and the Loan Agreement as a result of which completion of the Acquisition will not take place, the Directors intend to re-designate the entire net proceeds of the Rights Issue as the Group's general working capital, where part of which may be used by the Company to acquire or invest in appropriate businesses as and when such opportunities arise.

9. Reasons for the Acquisition

The Directors are of the view that in line with the recent trends with most European countries and in the United States of America, the PRC government has recently encouraged the promotion, research and development of bio-agricultural pesticide products for application in the PRC's agricultural industry for reason of health and environmental considerations. The Directors also consider that in view of the large population of the PRC of over 1.2 billion people and the affluent states of economy in Europe and North America in terms of their leading levels in gross domestic products ("GDP") per capita which exceeded US\$20,000 during the year 2001 (according to the

World Factbook 2002 published by Central Intelligence Agency), enormous market potentials exist in the agricultural sectors of the PRC, Europe and North America which are expected to generate strong demands for bio-agricultural pesticide products.

As referred to in the section headed “The Rights Issue” above, the Company reported audited consolidated net loss attributable to Shareholders of approximately HK\$39.9 million during the financial year ended 31 March 2002 and unaudited consolidated net loss attributable to Shareholders of approximately HK\$28.0 million during the six months ended 30 September 2002. Based on the Directors’ view above that (i) the PRC government has recently encouraged the promotion, research and development of bio-agricultural pesticide products for application in the PRC’s agricultural industry for reason of health and environmental considerations; and (ii) enormous market potentials exist in the agricultural sectors in the PRC, Europe and North America which are expected to generate strong demands for bio-agricultural pesticide products, the Directors therefore consider that the Acquisition provides an opportunity for the Group to diversify into a new business with good prospects and potentials for growth and development. **Shareholders should however note that the commercial success of the bio-agricultural pesticide products to be manufactured by Trend (Erzhou) Technology remains to be seen, and the Directors are unable to give any assurance regarding the commercial success of such bio-agricultural pesticide products.**

10. General

Based on the aggregate sum of the consideration payable by the Purchaser in respect of the Acquisition and the Loan of HK\$92.6 million and the Company’s audited consolidated net tangible assets of approximately HK\$220.3 million as at 31 March 2002 (being the latest accounts reporting date to which the Company’s audited consolidated accounts were prepared and published), the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. The Company shall issue and despatch a circular to the Shareholders containing, inter alia, details, terms and conditions of the Acquisition as required by the Listing Rules as soon as practicable.

PROPOSED CHANGE OF NAME

The Directors also propose to change the name of the Company to “New Times Group Holdings Limited” to reflect the change in control and management of the Company since Kandy Profits became the controlling shareholder of the Company in July 2002. The Directors consider that the proposed new name of the Company appropriately heralds a new era for the Group as the new management is able to bring in a fresh outlook and alternative strategies for the Group’s businesses and accordingly believe that the proposed new name of the Company suitably reflects this change. The proposed change of name will be subject to the approval of the Shareholders by way of a special resolution at a special general meeting of the Company and the Registrar of Companies in Bermuda granting the approval for the change of name, and shall take effect from the date on which the new name is entered into the register by the Registrar of Companies in Bermuda in place of the existing name. The Company will also adopt a new Chinese name “新時代集團控股有限公司” for identification purpose and for the purpose of registration in the Companies Registry in Hong Kong, subject to the approval of the Shareholders by way of a special resolution at a special general meeting of the Company and the Registrar of Companies in Hong Kong granting the relevant approval. A circular containing details on the proposed change of name of the Company and the adoption of a new Chinese name together with a notice convening a special general meeting of the Company to consider and, if thought fit, approve the special resolution in relation to the change of name, will be despatched to the Shareholders as soon as practicable.

The change of name of the Company will not affect any rights of any Shareholder. All existing Share certificates in issue bearing the present name of the Company will, after the change of name becoming effective, continue to be evidence of title to the Shares and will be valid for trading, settlement and delivery for the same number of Shares in the new name of the Company. Accordingly, there will not be any arrangement for free exchange of existing Share certificates for new Share certificates under the new name. Upon the change of name becoming effective, new Share certificates of the Company will be issued in the new name of the Company. A further announcement will be made in relation to the trading arrangements of the Shares under the new name of the Company when the change of name of the Company has become effective.

GENERAL

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 14 March 2003 pending the release of this announcement. Application has been made for a resumption in the trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 19 March 2003.

TERMS USED IN THIS ANNOUNCEMENT

“Acquisition”	the acquisition of the entire issued share capital of Tone by the Purchaser pursuant to the Sale and Purchase Agreement
“associate(s)”	has the same meanings ascribed to them in the Listing Rules
“Chateron” or “Underwriter”	Chateron Corporate Finance Limited, a registered investment adviser and securities dealer under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong), who has been appointed as the financial adviser to the Company in relation to the Rights Issue and the underwriter for the Rights Issue
“Company”	Pacific Challenge Holdings Limited
“Director(s)”	the director(s) of the Company
“Dr. Han”	Dr. Hsiao Yue George Han, the sole and beneficial shareholder of Tone and a party independent of and not connected with any of the directors, chief executive and substantial shareholders of the Company and its subsidiaries and any of their respective associates
“Excluded Shareholder(s)”	Shareholder(s), other than Kandy Profits and Kistefos, whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on such register on that date is/are outside Hong Kong
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Kandy Profits”	Kandy Profits Limited, a company incorporated in the British Virgin Islands who is the controlling shareholder of the Company and who is beneficially interested in 154,244,000 issued Shares as at the date of this announcement
“Kistefos”	Kistefos Investment A.S., a company whose registered address appearing on the register of members of the Company is in Norway and who is the registered holder of an aggregate of 62,400,000 Shares, representing approximately 21.6% of the Company’s issued share capital as at the date of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	an unsecured loan in an aggregate principal amount of HK\$42.6 million to be granted by the Purchaser to Tone pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement entered into between the Purchaser and Tone dated 14 March 2003, pursuant to which the Purchaser shall grant the Loan to Tone upon completion of the Sale and Purchase Agreement
“Options”	the 28,886,800 outstanding options in issue which were granted by the Company to full time employees of the Group on 15 October 2002 pursuant to the Company’s share option scheme adopted on 30 August 2002, and which are exercisable during the period of five years commencing from 1 February 2003 at a subscription price of HK\$0.67 per Share (subject to adjustments)
“PRC”	People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Purchaser”	Powerful Union Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	8 April 2003
“Rights Issue”	proposed rights issue of one Rights Share at the issue price of HK\$0.30 each for every two existing Shares held by the Qualifying Shareholders on the Record Date

“Right Issue Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Rights Shares”	not less than 144,434,000 new Shares and not more than 158,877,400 new Shares to be issued by the Company pursuant to the Rights Issue
“Sale and Purchase Agreement”	the conditional sale and purchase agreement entered into between the Purchaser and Dr. Han dated 14 March 2003, pursuant to which the Purchaser shall acquire Dr. Han’s entire beneficial interest in Tone for a cash consideration of HK\$50 million
“Share(s)”	Share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Subscription Agreement”	the share subscription agreement entered into between Tone and Trend dated 14 March 2003, pursuant to which Tone shall subscribe for 3,705,000 new shares of Trend for a cash consideration of HK\$42.6 million
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tone”	Tone Communication Limited, a company incorporated in the British Virgin Islands on 20 January 2000 which is wholly and beneficially owned by Dr. Han and which is interested in approximately 69.11% of Trend’s issued share capital as at the date of this announcement
“Trend”	Trend Technology Limited, a company incorporated in the British Virgin Islands on 12 January 2000 and which wholly and beneficially owns Trend (Erzhou) Technology
“Trend (Erzhou) Technology”	趨勢(鄂州)科技有限公司(Trend (Erzhou) Technology Company Limited), a wholly foreign-owned enterprise established in the PRC which is engaged in the research, development and manufacturing of bio-agricultural pesticide products in Gedian (葛店), Hubei province, the PRC
“Underwriting Agreement”	the underwriting agreement dated 14 March 2003 entered into between the Company and the Underwriter in relation to the Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi yuan, the lawful currency of the PRC

For the purpose of this announcement, the exchange rate adopted between Hong Kong dollars and Renminbi yuan is HK\$1 = RMB 1.07.

By order of the Board
Pacific Challenge Holdings Limited
Cheong Tin Yau
Chairman

Hong Kong, 18 March 2003

() For identification purpose only*

“Please also refer to the published version of this announcement in China Daily”.