

For illustrative purpose only, the pro forma financial information prepared in accordance with Rule 7.31 of the GEM Listing Rules, is set out here to provide the investors with further information to assess the financial performance of the Group after taking into account the adjusted net tangible assets of the Group to illustrate the financial position of the Group after the Share Offer.

The pro forma financial information is derived after a number of adjustments. Although reasonable care has been exercised in preparing the said information, prospective investors reading the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance of the Group during the Track Record Period.

PRO FORMA STATEMENT OF THE ADJUSTED NET TANGIBLE ASSETS

Adjusted net tangible assets

The pro forma statement of the adjusted net tangible assets of the Group is based on the audited combined net assets of the Group as at 31 December, 2003 as shown in the accountants' report set out in Appendix I to this prospectus, and adjusted as follows:

	Audited combined net assets of the Group as at 31 December, 2003 <i>HK\$'000</i>	Less: Intangible assets <i>HK\$'000</i>	Audited combined net tangible assets of the Group as at 31 December, 2003 <i>HK\$'000</i>	Estimated net proceeds of the Share Offer <i>HK\$'000</i> <i>(Note 1)</i>	Adjusted net tangible assets of the Group <i>HK\$'000</i>	Adjusted net tangible asset value per Share <i>HK cents</i> <i>(Note 2)</i>
Based on an Offer Price of HK\$0.50 per Share	<u>1,838</u>	<u>(4,234)</u>	<u>(2,396)</u>	<u>24,000</u>	<u>21,604</u>	<u>7.2</u>

Notes:

- The net proceeds from the Share Offer are estimated to be approximately HK\$24 million after deduction of expenses payable by the Company in relation to the Share Offer. Please refer to sub-section headed "Use of proceeds" under the section headed "Statement of business objectives and strategies" for future use of net proceeds.
- The adjusted net tangible asset value per Share is arrived at after the adjustments referred to in this section and on the basis of 302,000,000 Shares in issue immediately after the Share Offer and Capitalisation Issue taking no account of any Shares which may be issued upon the exercise of the options granted under the Share Option Scheme and the Right of First Refusal Agreement, the general mandates to issue Shares referred to in Appendix V to this prospectus, the Initial IPO Conversion, the First Post IPO Conversion or the Second Post IPO Conversion.

LETTER

The following is the text of a letter received from the auditors and reporting accountants of the Company, RSM Nelson Wheeler, in connection with the pro forma statement of adjusted net tangible assets of the Group and prepared for the purpose of incorporation in this prospectus.

Letter from RSM Nelson Wheeler**RSM! Nelson Wheeler**

羅申美會計師行

Certified Public Accountants

8 June, 2004

The Directors
Plasmagene Biosciences Limited
First Shanghai Capital Limited

Dear Sirs

We report on the pro forma financial information as set out in page 221 under the section headed “Pro forma statement of the adjusted net tangible assets” in Appendix II of the prospectus dated 8 June, 2004 in connection with the placing and public offer of the shares of Plasmagene Biosciences Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared, for illustrative purposes only, to provide information about how listing might have affected the relevant financial information presented.

RESPONSIBILITIES

It is the responsibilities solely of the directors of the Company to prepare the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

It is our responsibility to form an opinion, as required by the GEM Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practice Board in the United Kingdom, where applicable. Our work,

which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of the Company.

Our work does not constitute an audit or review in accordance with the Statements of Auditing Standards issued by the Hong Kong Society of Accountants, and accordingly, we do not express any such assurance on the pro forma financial information.

The pro forma financial information has been prepared on the bases set out on page 221 for illustrative purpose only and because of its nature, it may not be indicative of the financial position of the Group at any future date.

OPINION

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the issuer; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 31 of Chapter 7 of the GEM Listing Rules.

Yours faithfully,
RSM Nelson Wheeler
Certified Public Accountants
Hong Kong