



Goldigit Atom-tech Holdings Limited
金澤超分子科技控股有限公司
(incorporated in the Cayman Islands with limited liability)



Third Quarterly Report **2002**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

SUMMARY

The Company registered a turnover of approximately HK\$85,673,000 for the nine months ended 30th September, 2002, representing an approximately 10% decrease as compared to the same period in 2001.

The Company registered a profit attributable to shareholders of approximately HK\$40,778,000 for the nine months ended 30th September, 2002, representing an approximately 30% decrease as compared to the same period in 2001.

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2002.

THIRD QUARTERLY RESULTS

The board of directors (the “Board”) of Goldigit Atom-tech Holdings Limited (the “Company”) presents the unaudited consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 30th September, 2002, together with the comparative unaudited figures for the corresponding periods in 2001, as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

	<i>Notes</i>	For the		For the	
		three months ended		nine months ended	
		30th September		30th September	
		2002	2001	2002	2001
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	23,905	37,522	85,673	95,312
Cost of sales		<u>(7,596)</u>	<u>(12,192)</u>	<u>(27,420)</u>	<u>(31,048)</u>
Gross profit		16,309	25,330	58,253	64,264
Other revenue		382	1,258	1,612	1,289
Selling expenses		(5,263)	(1,152)	(7,079)	(1,297)
General and administrative expenses		(2,826)	(2,153)	(7,186)	(3,486)
Research and development costs		<u>(3,760)</u>	<u>(1,410)</u>	<u>(4,822)</u>	<u>(1,857)</u>
Operating profit before tax		4,842	21,873	40,778	58,913
Income tax	3	<u>–</u>	<u>(1,014)</u>	<u>–</u>	<u>(1,014)</u>
Net profit attributable to shareholders		<u>4,842</u>	<u>20,859</u>	<u>40,778</u>	<u>57,899</u>
Dividends		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Earnings per share	4	<u>0.28 cents</u>	<u>1.24 cents</u>	<u>2.40 cents</u>	<u>3.94 cents</u>

Notes:

1. Basis of preparation and accounting policies

The principal accounting policies adopted in preparing the unaudited consolidated financial statements of the Group conform with accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Society of Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and GEM Listing Rules. The accounting policies adopted are consistent with those adopted in the preparation of the Group's audited financial statements for the year ended 31st December, 2001.

The unaudited consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

2. Turnover

Turnover represents the net amounts received and receivable for goods sold to outside customers, less returns, allowance, value added tax and other sales tax during the periods. As all of the Group's turnover and contribution to operating profit are attributed to the sales of pesticides in the PRC, the analysis by business segment is not presented.

3. Income Tax

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The Group's PRC subsidiary, Fujian Goldigit Fine Chemical Industry Co., Ltd. ("Fujian Goldigit"), is entitled to an income tax holiday for two years from the first profit making year and a 50% reduction of income tax for the following three years. The first profit making year, for tax purposes, for Fujian Goldigit is the year ended 31st December, 2001.

There is no significant unprovided deferred taxation for the periods.

4. Earnings per share

The calculations of the earnings per share is based on the following data:

	For the three months ended 30th September		For the nine months ended 30th September	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings	<u>4,842</u>	<u>20,859</u>	<u>40,778</u>	<u>57,899</u>
	'000	'000	'000	'000
Weighted average number of shares	<u>1,699,860</u>	<u>1,681,382</u>	<u>1,699,860</u>	<u>1,468,212</u>

Diluted earnings per share is not presented as there were no dilutive potential securities in existence during the periods.

5. Movement in reserves

There is no movement of reserves for the nine months ended 30th September, 2002 and 2001 except those disclosed in the below.

	Share premium		Retained profits	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1st January	72,657	–	47,740	2,857
Net profit for the six months ended 30th June	–	–	35,936	37,040
Dividends	–	–	(20,398)	(10,000)
As at 30th June	<u>72,657</u>	<u>–</u>	<u>63,278</u>	<u>29,897</u>
Net profit for the three months ended 30th September	–	–	4,842	20,859
Issue of shares under placement	–	153,000	–	–
Capitalization issue of shares	–	(67,988)	–	–
Share issuing expenses	–	(12,355)	–	–
As at 30th September	<u>72,657</u>	<u>72,657</u>	<u>68,120</u>	<u>50,756</u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2002 (2001: Nil).

FINANCIAL PERFORMANCE AND BUSINESS REVIEW

During the periods under review, the Group focused on the sales and development of pesticides applying Propulsive Agent Technology. All the Group's turnover and its contribution are derived from the sales of pesticides in the PRC. The Group recorded a turnover of approximately HK\$23,905,000 and a profit of approximately HK\$4,842,000 for the three months ended 30th September, 2002, representing a drop of 36% in turnover and 77% drop in profit as compared to the same period in 2001. The Group recorded a turnover of approximately HK\$85,673,000 and a profit of approximately HK\$40,778,000 for the nine months ended 30th September, 2002, representing a drop of 10% in turnover and 30% drop in profit as compared to the same period in 2001. These decreases in turnover was principally attributed to decrease of sales for the three months ended 30th September, 2002 as a result of the unfavorable weather conditions in the PRC during the period in 2002, which have a significant adverse impact on farming activities. Coupled with the drop in turnover, the increase in selling expenses and research and development cost resulted in the significant drop in profit.

During the periods under review, the Group maintained ample liquidity and a good financial condition with zero gearing.

The construction of the Group's research and development center in Fuzhou is in progress. The internal decoration has commenced and is expected to be occupied by the Group towards the end of this year.

PROSPECT

The Board expects the Group to continue achieve profitable results in the current year. The Group will continue with its marketing strategy to expand sales and improve brand awareness of its products. In addition, the Group will increase its research and development activities to enhance the overall business development.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30th September, 2002, the interests of the directors and chief executives in the securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”)), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

Name of director	Number of shares in the Company	Nature of interest
Mr. Lao Seng Peng	1,169,479,600	Corporate (<i>note</i>)

Note: These shares are held by Best Today Investments Limited which is wholly owned by Mr. Lao Seng Peng.

Save as disclosed above, as at 30th September, 2002, none of the directors, or chief executives, or their associates, had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

At no time during the periods under review was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS

Other than as disclosed in the section headed “**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES**”, as at 30th September, 2002, the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance disclosed no person having an interest in shares representing 10% or more in the Company's issued share capital.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the periods under review.

SHARE OPTION SCHEME

There were no option granted by the Company under the Share Option Scheme during the periods under review or outstanding as at 30th September, 2002.

COMPETING INTERESTS

The Board is not aware of, as at 30th September, 2002, any business or interest of each director, management shareholder and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

SPONSOR'S INTERESTS

As notified by the Company's sponsor, Core Pacific-Yamaichi Capital Limited ("CPY Capital"), as at 30th September, 2002, Core Pacific-Yamaichi Securities, Tokyo, an associate (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) of CPY Capital, held 512,000 shares in the Company. Save as disclosed herein, neither CPY Capital nor its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the share capital of the Company as at 30th September, 2002.

Pursuant to the sponsor agreement entered into between the Company and CPY Capital, whereby, for a fee, CPY Capital has been appointed as the Company's sponsor for the period from 9th July, 2001 to 31st December, 2003 or until the sponsor agreement is terminated upon the terms and conditions set out therein.

AUDIT COMMITTEE

The Company established an audit committee on 22nd June, 2001 with written terms of reference in compliance with the requirements as set out in Rules 5.23 to 5.25 of the GEM Listing Rules. The audit committee meets regularly with the management to review the accounting principles and practices adopted by the Group and discuss internal control and financial reporting matters including reviews of the unaudited consolidated financial statements for the nine months ended 30th September, 2002. The audit committee comprises three independent non-executive directors, Mr. Sun Juyi, Mr. Wong Stacey Martin and Mr. Lam Ming Yung.

By order of the Board
Lao Seng Peng
Chairman

Hong Kong, 13th November , 2002