

**SPREAD PROSPECTS HOLDINGS LTD:
SPREADING THE RISKS ?**

In view of the fact that this company was only founded in 1997, and in view of the fact that it is in the very competitive business of manufacturing tin cans in the People's Republic of China (PRC), mainly to service the needs of the food industry, its 3-year, track record is just too good to be true.

But, for a PRC company, perhaps, one should not state that it is too good to be true – because strange things happen in the Middle Kingdom.

Spread Prospects Holdings Ltd, now known by its Stock Code Number of 572, is the company to which **TARGET** is referring.

Spread Prospects went public on the Main Board of The Stock Exchange of Hongkong Ltd on June 10, 2003, when it Placed 72.82 million, New 10-cent Shares at a Premium of \$HK1.13 per Share.

The Chairman of this Company, Mr Yang Zong Wang, took the opportunity to Place 17 million of his Shares on the same basis as the Company's New Shares.

At the end of the day, Chairman Yang Zong Wang took home about \$HK21 million, gross, while the Company bagged about \$HK86.40 million, net of expenses.

The net proceeds from this flotation is to be applied as follows, Page 89 of the Prospectus states:

1. \$HK2 million for product development;
2. \$HK2 million for expansion of the sales and marketing team;
3. \$HK40 million for expansion of production facilities and the purchase of machinery;
4. \$HK5 million for the establishment of some new production facilities;
5. \$HK8 million for the purchase of further equipment; and,
6. \$HK29.40 million for boosting the General Working Capital Account.

As has already been stated, Spread Prospects was founded in 1997 by the present Chairman, Mr Yang Zong Wang, when he was about 33 years old.

Chairman Yang Zong Wang had acquired 75 percent of the Issued and Fully Paid-Up Share Capital of Fujian Fuwang Metal Products Company Ltd, which is, today, considered a wholly foreign-owned enterprise, under PRC law.

He acquired, in 1997, control of Fujian Fuwang Metal Products Company Ltd via his private company, namely, Fujian Province Fuqing City Daxinwang Colour Printing Company Ltd.

He paid 10 million renminbi (about \$HK9.43 million) for this stake, which he acquired from an Independent Third Party.

A little more than one year later, in May 1998, Chairman Yang Zong Wang scooped up the remaining 25 percent of Fujian Fuwang Metal Products Company Ltd for another \$HK4 million.

And that was that: The Company was off and running.

Today, Chairman Yang Zong Wang owns about 50.03 percent of Spread Prospects, while the investing public has another 26.07 percent.

Four other Independent Third parties, between them, own 23.90 percent of this Company. (Page 44 of the Prospectus)

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