



# VITOP BIOENERGY HOLDINGS LIMITED

## (天年生物控股有限公司)\*

(Incorporated in the Cayman Islands with limited liability)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2003

#### RESULTS

The board of directors (the “Board”) of Vitop Bioenergy Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2003, together with the comparative figures in 2002, as follows:

#### CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	<b>2003</b> <i>HK\$'000</i>	2002 <i>HK\$'000</i>
TURNOVER		<b>103,509</b>	96,031
Cost of sales		<b>(40,846)</b>	(30,701)
Gross profit		<b>62,663</b>	65,330
Other revenue		<b>1,539</b>	1,943
Selling and distribution costs		<b>(33,187)</b>	(20,779)
Administrative expenses		<b>(18,589)</b>	(16,672)
Other operating expenses		<b>(2,212)</b>	(2,065)
PROFIT FROM OPERATING ACTIVITIES	4	<b>10,214</b>	27,757
Finance costs	5	—	(274)
Listing expenses incurred in connection with the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited		<b>(4,068)</b>	—
PROFIT BEFORE TAX		<b>6,146</b>	27,483
Tax	6	<b>(512)</b>	—
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<b>5,634</b>	27,483
DIVIDENDS	7	<b>4,789</b>	11,663
EARNINGS PER SHARE	8		
— Basic		<b>HK0.85 cent</b>	HK4.59 cents
— Diluted		<b>N/A</b>	N/A

Notes:

**1. Corporate Information**

The Company was incorporated in the Cayman Islands on 15 February 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 1 February 2002. During the year, the Company withdrew the listing of its shares on the GEM of the Stock Exchange on 10 February 2003 and on the same day, by way of introduction, listed its entire issued share capital on the Main Board of the Stock Exchange.

During the year, the Group was principally engaged in the manufacturing and trading of healthcare bedding, underclothing and other health products in the People's Republic of China excluding Hong Kong (the "PRC").

**2. Impact of New and Revised Statements of Standard Accounting Practice ("SSAPs")**

The following new and revised SSAPs applicable to the Group are effective for the first time for the current year's financial statements:

- SSAP 1 (Revised) : "Presentation of financial statements"
- SSAP 11 (Revised) : "Foreign currency translation"
- SSAP 15 (Revised) : "Cash flow statements"
- SSAP 34 : "Employee benefits"

Details of the impact of those new and revised SSAPs on the financial statements of the Group are set out in the annual report for the year 2003.

**3. Segment Information**

**(a) Business segments**

The following tables present revenue, profit and expenditure information for the Group's business segments:

	Healthy Sleeping System		Other BIOenergy® products		Polypeptide products		Ionised Water Apparatus		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	58,440	80,784	10,577	6,273	5,410	4,963	29,082	4,011	103,509	96,031
Other revenue	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>58,440</b>	<b>80,784</b>	<b>10,577</b>	<b>6,273</b>	<b>5,410</b>	<b>4,963</b>	<b>29,082</b>	<b>4,011</b>	<b>103,509</b>	<b>96,031</b>
Segment results	21,074	38,188	1,166	1,655	735	1,570	4,608	1,457	27,583	42,870
Unallocated other revenue									1,539	1,943
Unallocated expenses									(18,908)	(17,056)
Profit from operating activities									10,214	27,757
Finance costs									—	(274)
Listing expenses									(4,068)	—
Profit before tax									6,146	27,483
Tax									(512)	—
Net profit from ordinary activities attributable to shareholders									5,634	27,483

(b) *Geographical segments*

A geographical analysis of the Group's revenue and expenditure information is not presented as the Group's revenue in geographical segments other than the PRC are less than 10% of the aggregate amount of all segments.

4. **Profit from Operating Activities**

The Group's profit from operating activities is arrived at after charging:

	<b>2003</b> <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Auditors' remuneration	<b>480</b>	400
Cost of inventories sold	<b>40,846</b>	30,701
Staff costs (excluding directors' remuneration)		
Wages and salaries	<b>13,748</b>	9,708
Pension scheme contributions	<b>515</b>	245
	<b>14,263</b>	9,953
Depreciation of fixed assets	<b>3,275</b>	2,024
Amortisation of intangible assets	<b>911</b>	404
Minimum lease payments under operating leases on land and buildings	<b>3,618</b>	2,737
Provision for doubtful debts and bad debts expenses	<b>169</b>	380
Provision for obsolete and slow-moving inventories and inventories written off	<b>1,475</b>	1,201
Loss on disposal of fixed assets	<b>91</b>	80
Unrealised loss on revaluation of short term listed investments	<b>52</b>	—

5. **Finance Costs**

	<b>2003</b> <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Interest on bank loan wholly repayable within five years	<b>—</b>	274

6. **Tax**

	<b>2003</b> <i>HK\$'000</i>	2002 <i>HK\$'000</i>
PRC	<b>512</b>	—
Hong Kong	<b>—</b>	—
Tax charge for the year	<b>512</b>	—

Hong Kong profits tax has not been provided as the Group had no assessable profit arising in Hong Kong during the year (2002: Nil). Taxes on profit assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the year.

In accordance with the applicable corporate income tax law of the PRC, Vitop Bioenergy Science and Technology Co., Ltd. ("Zhuhai Bioenergy"), the Company's wholly-owned subsidiary established as a wholly foreign-owned enterprise in the PRC, is exempted from corporate income tax for the first two profitable calendar years of operations and is entitled to a 50% relief on corporate income tax for the following three years. The two years' tax exemption period for Zhuhai Bioenergy commenced in the tax year ended 31 December 2001 and expired as of 31 December 2002 under the local jurisdiction. With effect from 1 January 2003, Zhuhai Bioenergy is subject to a 50% relief on the corporate income tax rate of 15% on its assessable profit for each of the years ended 31 December 2003, 2004 and 2005.

As at 30 June 2003, the Group and the Company did not have any significant unprovided deferred tax liabilities (2002: Nil).

## 7. Dividends

	<b>2003</b> <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Interim:		
Vitop Bioenergy Limited (“Vitop Bioenergy”) ( <i>Note</i> )	—	5,000
Proposed final:		
The Company — HK0.72 cent per ordinary share (2002: HK1 cent)	<u>4,789</u>	<u>6,663</u>
	<u><u>4,789</u></u>	<u><u>11,663</u></u>

The proposed final dividend for the year is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

*Note:* The interim dividend for the year ended 30 June 2002 was paid by Vitop Bioenergy to its then shareholders prior to the listing of the Company’s shares on the GEM of the Stock Exchange.

## 8. Earnings per Share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders of the Group for the year ended 30 June 2003 of HK\$5,634,000 (2002: HK\$27,483,000) and the weighted average of 665,247,397 shares in issue (2002: 599,062,466) during the year.

Diluted earnings per share for the year ended 30 June 2003 has not been disclosed, as the share options outstanding during the year had an anti-dilutive effect on the basic earnings per share for the year. No diluted earnings per share for the year ended 30 June 2002 has been calculated as no diluting events existed for that year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the year, the operations of the Group has been adversely affected by the Severe Acute Respiratory Syndrome (the “SARS”). Nevertheless, after a series of remedial actions, the Group maintained a marginal increase in the turnover to approximately HK\$103.5 million as compared to approximately HK\$96.0 million recorded in last year. Net profit from ordinary activities attributable to shareholders of the Group for the year is approximately HK\$5.6 million (2002: HK\$27.5 million).

### *Textile products containing the BIOenergy® compound*

Textile products containing the BIOenergy® compound remain the core product line of the Group and recorded a turnover of approximately HK\$69.0 million (2002: HK\$87.1 million). The sales of the Group’s major product, Healthy Sleeping System, accounted for approximately 84.6% of total turnover of this product category. During the year, the sales of this product category was adversely affected by the outbreak of the SARS in the major cities of the PRC, especially in Beijing, Shanghai and Guangzhou. In order to minimize the adverse impact of the SARS to the sales, the management has decided to provide more support to the franchisees. The Group’s staff were sent to help the major franchisees to provide more customized services to customers, including on-site products demonstration and delivery. Moreover, the Group also sponsored the franchisees the additional printing matters for illustrating the Group’s health philosophy: “Drink, Eat and Sleep”, as an alternative to arrange exhibitions

during the SARS period. After a series of such remedial actions, the decrease in the sales of this product category was narrowed to approximately 20.7% as compared with the previous financial year. Moreover, sales rebates have also been offered to the franchisees.

Currently, the SARS was over. Together with a series of media promotion activities, the management believes that the sales of this product category will be back to the right track.

### ***Ionised Water Apparatus***

After one year of marketing promotion, the newly introduced Ionised Water Apparatus becomes another major source of income of the Group. The sales of the product achieved approximately HK\$29.1 million, accounting for approximately 28.1% of total turnover of the Group. Currently, the bottled water is popular in the PRC. However, the bottled water comprises problems including secondary pollution — water polluted during the bottling process. As a substitute to the bottled water, the demand for the domestic purified tap water is on the increasing ride. The Group's Ionised Water Apparatus has the functions of filtering and ionising tap water which can increase the effectiveness of water to human body than normal tap water. After the SARS, people generally become more conscious on health which will accelerate the degree of acceptance for the product by the market.

In some developed countries, including Japan, similar products have been popular for many years. The concept of domestic ionised water consumption is still in the infant period in the PRC. The management sees great market potential for the product and believes that the sales of the Ionised Water Apparatus might be higher if without the SARS impact.

### ***Polypeptide products***

On 5 May 2003, China Healthcare Science and Technology Association arranged experts of the healthcare industry to recommend ten products for increasing immunity to the front line professionals during the anti-SARS period. The Group's albumin polypeptide capsule is one of the recommended items which evidenced the public recognition to the product in the industry. The management believes that the outbreak of the SARS has generally aroused people's concern on bacteria immunity of human body which will increase the market demand for such kind of product in the coming period.

### ***Sales and marketing***

Keeping pace with the economic development in the PRC, the Group has continued to expand its franchise distribution network. Up to 30 June 2003, the Group has appointed 222 franchisees (2002: 179) operating 387 stores (2002: 340) in 240 cities (2002: 179) throughout the PRC.

### ***Research and development***

During the year, The Sport Science Research Institute of The State General Administration of Sports of the PRC (國家體育總局體育科學研究所) has issued testing reports for the effects of the products containing the BIOenergy<sup>®</sup> compound in facilitating the recovery of sportsmen after sporting events. The reports show positive results for which the Group's textile products containing the BIOenergy<sup>®</sup> compound comprise the functions of increasing the efficiency of sportsmen during the sporting events and the quality of sleeping. The management is considering to take a further step towards the possible application of the Group's textile products containing the BIOenergy<sup>®</sup> compound in the sportswear products to cope with the 2008 Olympics Games to be held in Beijing.

## **Financial Review**

### ***Turnover***

Total turnover of the Group for the year was approximately HK\$103.5 million as compared to approximately HK\$96.0 million, representing an increase of approximately 7.8%. The increase in turnover was mainly due to the outstanding performance of the Ionised Water Apparatus which accounted for approximately 28.1% of the Group's turnover. The Group's traditional product, Healthy Sleeping System, was still the major product contributing to approximately 56.5% of total turnover. The sales of other BIOenergy® products accounted for approximately 10.2% of total turnover and the polypeptide products approximately 5.2%.

### ***Gross profit***

For the year, the overall gross profit margin reported approximately 60.5% as compared to approximately 68.0% recorded in last year. The decrease in gross profit margin was mainly due to the new product mix in which the gross margin of the Ionised Water Apparatus was lower than the traditional product, Healthy Sleeping System.

In terms of individual product line, the Healthy Sleeping System recorded a gross margin of approximately 70.0%, as compared to approximately 72.0% recorded in last year. The decrease in gross margin was due to the offer of sales rebates to those franchisees whose sales had met pre-determined level. The gross margin of the Ionised Water Apparatus was approximately 47.9%, slightly decreased from approximately 48.5% last year. Other BIOenergy® products achieved approximately 45.9%, higher than approximately 37.1% recorded in last year. The gross margin of the polypeptide products was approximately 54.6% as compared with approximately 57.6% last year.

### ***Net profit***

For the year, net profit from ordinary activities attributable to shareholders of the Group amounted to approximately HK\$5.6 million as compared to approximately HK\$27.5 million recorded in last year. The decrease in net profit from ordinary activities attributable to shareholders of the Group was mainly due to the employment of additional resources to maintain the normal sales and market share of the Group during the anti-SARS period.

Moreover, as part of the Group's pre-determined development plan, additional resources were also devoted for the enhancement of the Group's existing franchise distribution network in training the staff and franchisees and the establishment of Vitop Health Technology Halls in Shanghai, Chengdu, Suzhou, Beijing and Hangzhou. Expenses incurred for these activities are for future growth of the Group but have been reflected as expenses in the current year. As a result, the selling expenses for the year increased to approximately HK\$33.2 million from approximately HK\$20.8 million recorded in last year.

In addition, net profit from ordinary activities attributable to shareholders of the Group was arrived after the deduction of approximately HK\$4.1 million of professional expenses incurred for the introduction of the Company's shares on the Main Board of the Stock Exchange.

## **Liquidity and Financial Resources**

As at 30 June 2003, the Group had a current ratio of approximately 4.2 as compared to that of 4.0 as at 30 June 2002.

As at 30 June 2003, the Group had no banking facilities and bank loan, and the shareholders' fund amounted to approximately HK\$76.9 million. The gearing ratio of the Group was 0% (2002: 2%).

As most of the Group's monetary assets are denominated in Renminbi and Hong Kong dollars, the exchange rate risk of the Group is considered insignificant.

As at 30 June 2003, the Group did not have any charges on its assets.

As at 30 June 2003, the Group had no contingent liabilities.

The Group has recently entered into an arrangement to acquire a land in Nanxiang area of Shanghai to develop our sales activities in the major cities of the PRC. The acquisition will be funded from the Group's internal resources.

The management considered that the Group's satisfactory financial position and operating results can provide sufficient financial resources for further expansion of the Group's business operations, as when required. Should investment opportunities arise requiring additional funding, the management believes that the Group is in a good position to obtain the required financing on favourable terms.

### **Significant Investment**

During the year under review, there was no significant investment held by the Group.

### **Material Acquisitions and Disposals of Subsidiaries and Associated Companies**

During the year under review, there was no material acquisition or disposal of subsidiaries and associated companies.

### **Employees and Remuneration Policies**

As at 30 June 2003, the Group employed a total of 390 employees, of which 385 are based in the PRC and 5 are based in Hong Kong. The total salaries and other remunerations (excluding directors' emoluments) of approximately HK\$14.3 million were incurred for the year. Remuneration packages comprised salary, mandatory provident fund, bonus, medical coverage and share options.

### **Outlook and Future Prospects**

Statistics show that, in 2002, the national spending on healthcare products in the PRC amounted to US\$2.4 billion while the global spending on healthcare products was US\$200 billion. This proportion was far behind the proportion of the GDP figures.

The demography statistics also shows that the proportion of aged people in the PRC is increasing. The aged group people will be more conscious on their health conditions. Moreover, many Chinese are accustomed to have medical supplements. With the development of advance technology, many people will consume the medical supplements shifting from a traditional way (for example making herbal tea at home) to a scientific way (for example consuming capsules).

Facilitated with these favorable conditions, the management will continue to devote resources to consolidate the existing franchise distribution network, to build up a sophisticated management system and to keep close strategic relationships with the well-known scientific

and academic institutions and renowned scientists for developing new proprietary technology. In order to keep the Group in a key position in the PRC healthcare products industry, we will adopt the following strategies:

### ***Enhancement of franchise distribution network***

The management will continue to appoint new franchisees to capture the market share in some unexplored cities of the PRC. Moreover, based on the analysis from our customer database, we will provide more professional advices to help the franchisees to operate their business more effectively.

### ***Further exploration of the market potential of Ionised Water Apparatus***

With the initial success of distributing the Ionised Water Apparatus, the management realizes that there exists great market potential for this kind of product. Currently, the product is designed for domestic use. The management decides to set aside resources to study the application of the product for medical and catering purposes. With many competitive advantages the Group has, the management believes that the Ionised Water Apparatus will form another main stream of products for the Group.

### ***Expertise in the Healthy Sleeping System***

After years of promotion, the Group's major product, Healthy Sleeping System, was well accepted by the market based on which the Group is recognized as one of the leading enterprises in the industry in the PRC. In order to keep the current status, the management will distribute the products more professionally and aims for different classes of customers, for example the executive group.

### ***Further study of albumin polypeptide***

During the anti-SARS period, experts have announced on the media that the polypeptide can strengthen the human immunity system. This can let the customers have more knowledge about the function of these kinds of product. The management believes that it has positive impact on promoting the Group's polypeptide products. With the ownership of the technology of manufacturing albumin polypeptide, the Group has more aggressive marketing plans for the product in the coming period.

## **FINAL DIVIDEND**

The Board has resolved to recommend the payment of a final dividend of HK0.72 cent per share for the year ended 30 June 2003 to shareholders whose names appear on the Company's registers of members as at the close of business on 26 November 2003. The final dividend is expected to be paid to shareholders by post on or around 28 November 2003.

## **CLOSE OF REGISTERS OF MEMBERS**

The Company's registers of members will be closed from 24 November 2003 to 26 November 2003, both dates inclusive, during which period no share transfers shall be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration by 4:30 p.m. on 21 November 2003.



## **PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website in due course.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our shareholders, customers, suppliers and business partners for their continuous support to the Company and to all management and staff for their contributions, commitment and dedicated efforts during the year under review.

By Order of the Board  
**Hung Kai So**  
*Chairman*

Hong Kong, 24 October 2003

\* *For identification purpose only*

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of Vitop Bioenergy Holdings Limited (the “Company”) will be held at The Hong Kong Bankers Club, 43rd Floor, Gloucester Tower, The Landmark, Central, Hong Kong on Wednesday, 26 November 2003 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 30 June 2003.
2. To declare the final dividend for the year ended 30 June 2003.
3. To re-elect retiring directors and to authorise the board of directors to fix their remuneration.
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions with or without modifications as ordinary resolutions:

(A) **“THAT:**

- (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into such shares or options, warrants or similar rights to subscribe for any shares or any convertible securities and to make or grant offers, agreements and options (including warrants, bonds and securities convertible into shares of the Company) which might require the exercise of such powers, subject to and in accordance with all applicable laws and the articles of association of the Company, be and is hereby generally and unconditionally approved;
- (ii) the approval in sub-paragraph (i) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and securities convertible into shares of the Company) which might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in sub-paragraph (i) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or upon the exercise of rights of subscription or conversion under the outstanding warrants to subscribe for shares of the Company or any securities which are convertible into shares of the Company or the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company from time to time outstanding and the exercise of any option granted under the share option scheme or similar arrangement for the time being adopted by the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of

association of the Company in force from time to time, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

(B) **“THAT:**

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose (the “Recognised Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other Recognised Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of the share capital of the Company which the directors of the Company is authorised to repurchase pursuant to the approval in sub-paragraph (i) of this resolution shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iii) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
  - (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
  - (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- (C) “**THAT** conditional upon the resolutions numbered 5(A) and 5(B) in the notice convening this meeting being passed, the aggregate nominal amount of the issued shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company as mentioned in the resolution numbered 5(B) in the notice convening this meeting shall be added to the aggregate nominal amount of the share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the resolution numbered 5(A) in the notice convening this meeting, provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.”
- (D) “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the shares of HK\$0.025 each in the share capital of the Company (representing a maximum of 10 per cent of the shares in issue as at the date of the passing of this resolution) to be issued pursuant to the exercise of options which may be granted under the Company’s share option scheme adopted on 23 January 2003 (the “Scheme”), the refreshment of the scheme limit on grant of options under the Scheme and any other share option schemes of the Company up to 10 per cent of the shares in issue as at the date of the passing of this resolution (the “Refreshed Scheme Mandate Limit”) be and is hereby approved and any director of the Company be and is hereby authorized to do such act and execute such document to effect the Refreshed Scheme Mandate Limit.”

By Order of the Board  
**Lo Oi Lan**  
*Company Secretary*

Hong Kong, 24 October 2003

*Principal Place of Business in Hong Kong:*  
Room 702, 7th Floor  
Aon China Building  
29 Queen's Road Central  
Hong Kong

*Registered Office:*  
Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681GT  
George Town  
Grand Cayman  
British West Indies

*Notes:*

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude members from attending and voting at the annual general meeting.
4. The register of members of the Company will be closed for the purposes of determining the entitlements of the members of the Company to attend the Company's annual general meeting and to the proposed final dividend from Monday, 24 November 2003 to Wednesday, 26 November 2003, both dates inclusive, during which period no transfers of shares shall be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration by 4:30 p.m. on Friday, 21 November 2003.

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