



# HOP HING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## ANNOUNCEMENT OF 2002 RESULTS

### Results

The Directors of Hop Hing Holdings Limited announce the audited results of the Group for the year ended 31 December 2002 as follows:

	<i>Notes</i>	<b>2002</b> <i>HK\$'000</i>	2001 <i>HK\$'000</i> (Restated)
TURNOVER	3	<b>568,814</b>	598,041
Direct cost of stocks sold and services provided		<b>(423,302)</b>	(421,574)
Other production and service costs (including depreciation of HK\$28,409,000 (2001: HK\$29,068,000))		<b>(50,821)</b>	(50,519)
Selling and distribution costs		<b>(44,135)</b>	(40,014)
General and administrative expenses		<b>(58,058)</b>	(60,606)
Provision against and write-off of deposits and prepayments	4	<b>(39,272)</b>	–
Other revenue and gains	4	<b>832</b>	624
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	<b>(45,942)</b>	25,952
Finance costs, net	5	<b>(18,612)</b>	(23,028)
Share of profit of a jointly-controlled entity		<b>1,634</b>	5,836
PROFIT/(LOSS) BEFORE TAX		<b>(62,920)</b>	8,760
Tax	6	<b>(12,661)</b>	(1,577)
PROFIT/(LOSS) AFTER TAX		<b>(75,581)</b>	7,183
Minority interests		<b>108</b>	102
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS		<b><u>(75,473)</u></b>	<b><u>7,285</u></b>
EARNINGS/(LOSS) PER SHARE (HK cents)	8		
Basic		<b><u>(18.45)</u></b>	<b><u>1.78</u></b>
Diluted		<b><u>N/A</u></b>	<b><u>N/A</u></b>

## NOTES

### 1. **IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE (“SSAPs”)**

In the current year, the Group has adopted for the first time a number of new and revised SSAPs issued by the Hong Kong Society of Accountants.

These new and revised SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group’s accounting policies and on the amounts disclosed in the financial statements of adopting these SSAPs are summarised as follows:

SSAP 1 prescribes the basis for the presentation of financial statements. The principal impact of the revision to this SSAP is that a consolidated statement of changes in equity is now presented in the financial statements in place of the consolidated statement of recognised gains and losses that was previously required.

SSAP 11 prescribes the basis for the translation of foreign currency transactions in the financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries are now translated to Hong Kong dollars at the weighted average exchange rates for the year, whereas previously they were translated at the exchange rates at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements.

SSAP 15 prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. In addition, cash flows from overseas subsidiaries arising during the year are now translated to Hong Kong dollars at the exchange rates at the dates of the transactions, or at an approximation thereto, whereas previously they were translated at the exchange rates at the balance sheet date, and the definition of cash equivalents for the purpose of the cash flow statement has been revised.

SSAP 34 prescribes the recognition and measurement criteria to apply to employee benefits. The adoption of this SSAP has resulted in the recognition of an accrual for paid holiday carried forward by the Group’s employees as at the balance sheet date. The recognition of this accrual has resulted in a prior year adjustment, further details of which are included in note 7 below.

### 2. **BASIS OF PRESENTATION**

As at the balance sheet date, the net current liabilities of the Group amounted to HK\$99 million. An arrangement for a refinancing of the Group’s bank indebtedness (“Debt Refinancing”) was finalised after the year end. The liquidity position of the Group has been improved after the Debt Refinancing. In the opinion of the directors, as a result of the Debt Refinancing, the Group will have sufficient working capital to finance its operations.

On the basis of the above, the directors consider that it is appropriate to prepare the financial statements on a going concern basis and the bank loans have been classified on the consolidated balance sheet in accordance with their repayment schedules before the Debt Refinancing.

### 3. TURNOVER AND SEGMENT INFORMATION

#### Turnover

Turnover represents the aggregate of the net invoiced value of goods sold, services rendered, rental and laboratory and testing fees income, but excludes intra-group transactions.

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Sales of goods and services	552,265	579,512
Rental and other income	16,549	18,529
	<u>568,814</u>	<u>598,041</u>

#### Segment Information

The Group's primary segment is the edible oils and food related business segment. Since this is the only business segment of the Group, no further analysis thereof is presented.

Segment information is presented below in respect of the Group's geographical segment, which is regarded as the secondary segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

	Mainland China		Hong Kong		Consolidated	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Revenue from external customers	<u>438,195</u>	<u>462,112</u>	<u>130,619</u>	<u>135,929</u>	<u>568,814</u>	<u>598,041</u>
Segment assets	444,519	539,820	377,489	409,783	822,008	949,603
Unallocated assets					<u>53,261</u>	<u>58,228</u>
					<u>875,269</u>	<u>1,007,831</u>
Capital expenditure incurred during the year	<u>1,772</u>	<u>2,358</u>	<u>3,138</u>	<u>422</u>	<u>4,910</u>	<u>2,780</u>

### 4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after crediting:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Realised gains on investments in listed securities classified as other revenue and gains	–	624
Gain on disposal of a trading right in the Hong Kong Futures Exchange Limited classified as other revenue and gains	832	–
and after charging:		
Cost of stocks sold (including write-back of accounts payable provision of Nil (2001: HK\$10,260,000))	420,726	418,974
Provision against and write-off of deposits and prepayments ( <i>note</i> )	39,272	–
Depreciation	<u>28,409</u>	<u>29,068</u>

*Note:* The Group has commenced cooperation with a company established in Guangzhou, the PRC (the “PRC Company”) in relation to the Group’s edible oil business in the PRC (the “PRC Businesses”) since 1999. A wholly owned subsidiary of the Company in the PRC has since been having a trading relationship with the PRC Company. In May 2000, the Group entered into a cooperative agreement with the PRC Company.

The Group receives information that the PRC Company is involved in certain enquiries currently being conducted by certain authorities in the PRC and is concerned as to the possible impacts to the Group, if the results of such enquiries adversely affect the PRC Company. In respect of the amounts due from the PRC Company (the “Amounts”), including trading deposit and prepayments, and in preparation for enforcement of payment thereof, the Group has obtained legal opinion which indicates that the Group has valid grounds to claim and recover the Amounts in full. However, actual recovery of the Amounts still depends on the financial conditions of the PRC Company and hence remains uncertain. It is therefore appropriate to make provisions for the recoverability of the Amounts. In this connection, costs associated with the proposed listing of the PRC Businesses on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited are also written off.

## 5. FINANCE COSTS, NET

	<b>Group</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Interest on bank borrowings	19,248	25,676
Interest on other loans wholly repayable within five years	138	161
Total finance costs	<u>19,386</u>	25,837
Less: Interest income	(774)	(2,809)
	<u><b>18,612</b></u>	<u>23,028</u>

## 6. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year. Overseas taxes have been provided for at the applicable tax rates, if required.

	<b>Group</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Tax in the profit and loss account represents:		
Provision for profits tax ( <i>note</i> )	13,066	1,080
Deferred tax	697	254
	<u>12,369</u>	826
Share of tax charges of a jointly-controlled entity – Hong Kong	292	751
	<u><b>12,661</b></u>	<u>1,577</u>

*Note:* During the year, the Group received notices of assessment from the Inland Revenue Department in Hong Kong in respect of the Group’s assessable profits arising from royalty income, which is under appeal. In the opinion of the directors, adequate tax provision has been made as at the balance sheet date.

## **7. PRIOR YEAR ADJUSTMENT**

In the current year, the Company adopted SSAP 34 “Employee benefits” as further explained in note 1 above. This change in accounting policy has been made retrospectively and accordingly, the comparative balances for the year ended 31 December 2001, including earnings per share and retained profits brought forward as at 1 January 2001 have been restated. The effect of this change in respect of the year ended 31 December 2001 is an increase in general and administrative expenses and a decrease in net profit attributable to shareholders of HK\$56,000 for the year ended 31 December 2001, which is the net movement in accrued employees’ compensated leave during that year. The retained profits brought forward as at 1 January 2001 and 2002 have been reduced by HK\$1,791,000 and HK\$1,847,000, respectively, which are the amounts of adjustments in respect of the Group’s required accrual for employees’ compensated leave as at those dates.

## **8. EARNINGS/(LOSS) PER SHARE**

### *(a) Basic earnings/(loss) per share*

Basic earnings/(loss) per share is calculated based on the loss attributable to shareholders of HK\$75,473,000 (2001: profit of HK\$7,285,000 (as restated)); and the weighted average of 409,119,516 shares (2001: 409,113,021 shares) in issue during the year.

### *(b) Diluted earnings/(loss) per share*

Diluted earnings/(loss) per share for both years have not been presented as the share options and warrants outstanding during the years had an anti-dilutive effect on the basic earnings/(loss) per share for these years.

## **9. PLEDGE OF ASSETS**

At the balance sheet date, investment property, certain leasehold land and buildings and certain plant and machinery of the Group with an aggregate carrying value of approximately HK\$362,784,000 (2001: HK\$344,970,000), certain accounts receivable and stocks of the Group of approximately HK\$2,230,000 (2001: HK\$27,145,000), and a cash deposit of the Group of approximately HK\$11,545,000 (2001: HK\$7,437,000) were pledged to banks to secure banking facilities granted to the Group. In addition, certain stocks with carrying value of approximately HK\$2,293,000 (2001: HK\$2,293,000) were pledged to secure certain other loans.

## **10. TRADEMARKS**

In accordance with the requirements of SSAP 29 “Intangible assets”, the cost of the Group’s trademarks should be amortised over the best estimate of their useful lives. SSAP 29 also states that there is a rebuttable presumption that the useful life of an intangible asset will not exceed twenty years from the date when the asset is available for use. In the opinion of the directors, to follow the requirements of SSAP 29 would give a misleading view of the results of the Group and its earnings/(loss) per share for the following reasons:

- i) The trademarks, which were acquired by the Group in 1988, have been in use for a very long time, some of them since the 1930s, and will continue to be used for the long term. The valuation of the Group’s trademarks performed by Sallmanns (Far East) Limited, an independent professional appraiser, has confirmed that the market value of the trademarks exceeded the carrying value as at 31 December 2002; and
- ii) The Group has incurred and intends to continue to incur significant advertising and promotion expenses, which are charged to the profit and loss account when incurred, to maintain and increase the market value of its trademarks and brands.

As a result, the Group has decided not to follow the requirements of SSAP 29 and to continue to adopt the accounting policy that trademarks are stated at cost

and provision is made for any impairment in value. The Group intends to confirm the value of its trademarks by independent professional valuations periodically.

## **SUMMARY OF AUDITORS' REPORT**

The auditors' report on the Group's financial statements for the year ended 31 December 2002 contained a modified opinion because of the possible effects of the accounting treatment of the Group's trademarks. The following is an extract of the auditors' report:

“Included in the consolidated balance sheet are trademarks of HK\$122,235,000 which are stated at cost and are not amortised. In accordance with SSAP 29 “Intangible assets”, which became effective in 2001, these trademarks should be amortised over the best estimate of their useful lives. However, as further explained in note 15 (“Trademarks”) to the financial statements, in the opinion of the directors, no amortisation is considered necessary for the reasons stated therein. Because we have not been able to quantify the estimated useful lives of the trademarks, we are unable to determine the effect of this departure from SSAP 29 on the Group's net assets as at 31 December 2002 and the loss for the year then ended, including any prior year adjustment that may be required.

Except for any adjustments that might have been found necessary had the trademarks been amortised, in our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.”

## **REVIEW OF OPERATIONS AND PROSPECTS**

The gloomy economy and difficult and challenging business environment in 2001 have not improved in the year 2002. Consumer spending has remained low and the total size of the edible oil market in Hong Kong was affected by these factors.

### **Operating Results**

Earnings before interests, depreciation and amortisation (EBIDTA) for the year ended 31 December 2002 was HK\$23 million (before accounting for provision against and write-off of deposits and prepayments, and gain on disposal of a trading right in the Hong Kong Futures Exchange Limited). Net loss before tax for the year ended 31 December 2002 was HK\$63 million, which included net interest expenses of HK\$19 million, depreciation of HK\$28 million and a provision/write-off of HK\$39 million (see below). This compares with a net profit before tax of HK\$9 million for the year 2001.

## **DIVIDEND**

No interim dividend was paid (2001: nil) and your directors do not recommend the payment of any final dividend for the year under review (2001: nil).

## **Review of Operations**

### **Edible Oil**

Despite the market uncertainties, the Group has maintained its stable share of the Hong Kong market in 2002.

During the year, the Group's premium brand, Lion & Globe, received both the Hong Kong Superbrands Tribute Award and the Reader's Digest 2002 Superbrand Award, while the Group's other popular brand, Camel, also received the Hong Kong Top Ten Brandnames Award.

In China, much effort has been deployed to brand building while focusing our efforts and resources in those regions which present better opportunities. Our Camel brand received the 中國放心食品信譽品牌 and 廣東省名牌產品 Awards as well as the 產品質量免檢證書 from the authorities concerned.

On working capital management, the Group has further reduced its accounts receivable from HK\$51 million on 31 December 2001 to HK\$31 million on 31 December 2002. At the same time, inventory at the end of 2002 was HK\$43 million, as compared to HK\$60 million on 31 December 2001. Total wages and salaries in 2002 was about HK\$42 million, against HK\$47 million in 2001, a reduction of about 11%.

### **Financial Resources**

The Group's relationship banks have reached an agreement with the Group which came into effect in April 2003 to refinance the Group's indebtedness in Hong Kong by providing three and a half year term loans of HK\$138 million and HK\$42 million fixed revolving loans to replace the Group's existing loans of HK\$143 million.

As a result, the Group's liquidity position has improved.

### **Gearing**

As at 31 December 2002, the total interest-bearing bank loans amounted to HK\$242 million, a reduction of HK\$55 million from 31 December 2001. Accordingly, when compared against that for 31 December 2001, the Group's gearing ratio on 31 December 2002 has improved by 18%.

### **Provision and Write-off**

In our Interim Report for 2002, we have reported on the provision against deposits paid to a PRC company for procurement of raw materials and write-off of the costs associated with the proposed listing of the Group's edible oil business in the PRC on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited of HK\$39 million. Since then, the Group has taken necessary actions to recover the money owed from the PRC company concerned, and the matter is currently in the hands of the Group's lawyers.

## **OUTLOOK**

The Hong Kong market is still going through a period of stagnation and increased competition. At the same time, the market in China remains volatile and requires focus both in terms of location and resources. However, your Board looks ahead with prudent optimism.

## **Management and staff**

We thank all members of our management team and staff for their hard work during the year under review.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results**

Net loss attributable to shareholders for the year ended 31 December 2002 was HK\$75 million, which included the exceptional item relating to the provision against and write-off of deposits and prepayments. This compares with a profit of HK\$7 million for 2001. The loss per share for the year was 18.45 HK cents (2001: Earnings per share of 1.78 HK cents as restated).

### **Equity**

The number of issued shares of HK\$0.10 each as at 31 December 2002 was 409,125,738. During the year, 12,717 shares of HK\$0.10 each were issued pursuant to the exercise of 12,717 warrants of the Company. As at the year end date, there were outstanding share options granted to certain eligible employees, entitling them to subscribe for an aggregate of 23,492,677 shares of the Company.

### **Liquidity and Gearing**

As at 31 December 2002, the Group had net current liabilities of HK\$99 million (2001: net current asset of HK\$1 million). The decrease in net current assets was mainly due to repayment of long term bank loans and provision against and write-off of deposits and prepayments. Subsequent to the balance sheet date, on 24 April 2003, the Group entered into debt refinancing agreements with its principal bankers to refinance its existing bank indebtedness in Hong Kong. The liquidity position of the Group has been improved after the debt refinancing.

As at 31 December 2002, the Group's gearing ratio (expressed as a percentage of long term bank borrowings over shareholders' funds and long term bank borrowings) was 18% (2001: 22%).

The Group's bank borrowings are denominated in Hong Kong dollars, US dollars and Renminbi. It is the Group's policy to hedge foreign currency liabilities with foreign currency assets.

The net interest expenses for the year was HK\$19 million (2001: HK\$23 million). Such decrease is mainly attributable to the repayments of bank loans and the decrease in interest rate during the year under review.

### **Remuneration Policies**

Remuneration packages comprised salary and bonuses based on individual merits. The total remuneration paid to the employees (including pension costs and directors' emoluments) of the Group in 2002 was HK\$42 million (2001: HK\$47 million). As at 31 December 2002, the Group has 379 (2001: 593) employees.



## **Contingent Liabilities**

- (a) At the balance sheet date, 28 (2001: 37) employees had completed the required number of years of service under the Employment Ordinance to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the required circumstances specified in the Employment Ordinance. If the termination of all these employees met the circumstances required by the Employment Ordinance, the Group's liability at the balance sheet date would be approximately HK\$750,000 (2001: HK\$964,000). No provision has been made for this amount in the financial statements as the probability of an outflow of resources thereof is considered remote.
- (b) At the balance sheet date, the contingent liabilities in respect of guarantees given to banks to secure banking facilities utilised by the jointly-controlled entity of the Group amounted to HK\$38,623,000 (2001: HK\$15,333,000).

## **DEALINGS IN THE COMPANY'S LISTED SECURITIES**

During the year ended 31 December 2002, there were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's listed securities.

## **CODE OF BEST PRACTICE**

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the period, except that the independent non-executive directors of the Company are not appointed for specific terms as they are subject to retirement and re-election in accordance with the provision of the Bye-laws of the Company.

## **DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE HONG KONG STOCK EXCHANGE (THE "STOCK EXCHANGE")**

Information that is required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing The Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange in due course.

## **CLOSURE OF REGISTER**

The Register of Members of the Company will be closed from 21 May 2003 to 29 May 2003, both days inclusive, during which period no share transfers will be registered.

In order to qualify for attending the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 20 May 2003.

By order of the Board  
**Hung Hak Hip**  
*Chairman*

Hong Kong, 28 April 2003

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting of Hop Hing Holdings Limited (the “Company”) will be held at Units E & F, 2/F., Hop Hing Building, 9 Ping Tong Street East, Tong Yan San Tsuen, Yuen Long, New Territories on 29 May 2003 at 11:30 a.m. (or any adjournment thereof) for the following purposes:

1. to receive and consider the audited financial statements of the Company and the reports of the Directors and the Auditors thereon for the year ended 31 December 2002;
2. to re-elect retiring Directors;
3. to fix the remuneration for Directors;
4. to re-appoint Auditors and to authorise the Directors to fix their remuneration; and
5. as special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

A. **“THAT:**

- (i) subject to paragraph (iii) below, a general unconditional mandate be and is hereby approved and granted to the Directors of the Company to be exercised during the Relevant Period (as hereinafter defined) to allot, issue and deal with additional securities of the Company (the “Securities”) and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares (the “Shares”)) which would or might require the exercise of such power;
- (ii) the approval in paragraph (i) above shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal value of the Securities allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (i) above other than to (a) a Rights Issue (as hereinafter defined); (b) the exercise of any rights of subscription or conversion under any existing warrants, bonds and debentures and any securities of the Company which carry rights to subscribe for or are convertible into Shares; (c) an issue of Shares under any share option scheme or similar arrangement for the time being adopted for the Company and/or any of its subsidiaries and/or associated companies of shares or rights to acquire Shares of the Company; or (d) an issue of Shares as scrip dividends or similar arrangement providing for the allotment of Shares in lieu of the whole or part of dividends or similar arrangement providing for the allotment of Shares in accordance with the bye-laws of the Company 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 passing 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 passing of this Resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the date by which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their shareholding (subject to such exclusion or other arrangements as the Directors 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, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

**B. “THAT:**

- (i) subject to paragraph (ii) below, a general unconditional mandate be and is hereby approved and granted to the Directors to be exercised during the Relevant Period (as hereinafter defined) to repurchase Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), or any other stock exchange on which the Securities may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the Listing Rules of the Stock Exchange or any other stock exchange as amended from time to time;
- (ii) the aggregate nominal value of the Securities to be repurchased by the Company pursuant to the approval in paragraph (i) above during the Relevant Period shall not exceed (a) 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution; and (b) 10 per cent. of the warrants issued by the Company (the “Warrants”) to subscribe for Shares as at the date 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 passing of this Resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;

- (b) the date by which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

C. **“THAT** conditional upon the passing of Resolutions No. 5A and 5B, the general unconditional mandate in Resolution No. 5A be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of securities repurchased by the Company under the authority granted pursuant to Resolution No. 5B set out in this notice, provided that such amount of securities so repurchased shall not exceed (i) 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution; and (ii) 10 per cent. of the Warrants issued by the Company to subscribe for Shares as at the date of passing this Resolution.”

6. as special business, to consider and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

**“THAT** the provisions of the Bye-Laws of the Company be amended as follows:

- (i) by inserting the following definitions amongst those set out in Bye-Law 1 such that all the definitions therein are arranged in alphabetical order:

“address” shall have the ordinary meaning given by it and shall include any facsimile number, electronic mail address or website used for the purposes of communication pursuant to these Bye-laws;

“Companies Ordinance” means Companies Ordinance (Cap. 32 of the Laws of Hong Kong);

“communication” means any communication comprising texts, sounds or images or any combination of any of the above including but not limited to any communication through which payment(s) is/are effected;

“Consenting Member” means any Member who has given the Company written confirmation that any notice or document to be served on him for the purpose of or pursuant to these Bye-Laws should be sent by means of electronic communication;

“electronic” means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic or similar capabilities and such other meanings as given to it in the Electronic Transactions Act 1999 of Bermuda as may be amended from time to time;

“electronic communication” means any communication transmitted (whether from one person to another, from one device to another or from a person to a device or vice versa) by means of a telecommunications system (as defined in the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong)) including publication of communication or information on a website in whatever format for viewing or downloading or by other electronic means;

“Statutes” means the Companies Act and any other legislations (as amended from time to time) for the time being in force of the Legislature of Bermuda applying to or affecting the Company, the Memorandum of Association and/or these presents and include the Electronic Transactions Act 1999 of Bermuda as may be amended from time to time;

- (ii) By replacing the definition of “Clearing House” as set out in Bye-Law 1 with the following:

“Clearing House” means a recognized clearing house within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) or a clearing house or authorized share depository recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction;

- (iii) By replacing Bye-Law 33 with the following:

“The instrument of transfer of any share shall be signed by or on behalf of the transferor and the transferee or, if the transferor or the transferee is a Clearing House (or its nominee), where appropriate, executed by machine imprinted signature or by such other manner of execution as the Board may approve from time to time provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. All instruments of transfer, when registered, may be retained by the Company. Nothing in these Bye-Laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee or provisional allottee in favour of some other person.”

- (iv) By replacing Bye-Law 49 with the following:

“49. An annual general meeting or a special general meeting called for the passing of a special resolution shall be called by not less than twenty-one days’ notice in writing (to the extent permitted by legislation and any rules prescribed by the stock exchange in any Relevant Territory from time to time, in relation to the Consenting Members, such notice may be given through electronic communication) and any other special general meeting shall be called by not less than fourteen days’ notice in writing (to the extent permitted by legislation and any rules prescribed by the stock exchange in any Relevant Territory from time to time, in relation to the Consenting Members, such notice may be given through electronic communication). The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, day and time of meeting, and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given in manner hereinafter mentioned to all Members other than such as, under the provisions of these Bye-Laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the Auditors for the time being of the Company.

Subject to the provisions of the Companies Act, notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Bye-Law, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and

- (b) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.”
- (v) By replacing Bye-Law 136 with the following Bye-Laws:
- “136(A). A printed copy of every Directors’ report accompanied by the balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the Auditors’ report, shall at least twenty-one days before the date of such general meeting be delivered or sent by post to the registered address of each Member who is not a Consenting Member or by electronic transmission to each Consenting Member or, if the Member so chooses, and the law permits, by facsimile transmission to the facsimile number of the relevant Member in the records of the Company; copies shall also be sent in appropriate numbers to the stock exchange in any Relevant Territory on which any shares are for the time being listed in accordance with the terms of any listing agreement for the time being binding on the Company or with the continuing obligations binding on the Company by virtue of any listing”.
- “136(B). To the extent permitted by and subject to due compliance with all applicable Statutes, rules and regulations, including but not limited to the rules of the stock exchange in the Relevant Territory, the requirements of Bye-Law 136(A) are deemed to be satisfied by the Company in relation to the relevant Member who has given the relevant confirmation by sending to each of those Members in any manner not prohibited by the Statutes, rules and regulations not less than twenty-one days before the date of the general meeting, a summary financial report derived from the Company’s annual financial statements, the auditor’s report, the Directors’ report and a notice informing the Member the way to notify the Company that he/she elects to receive the annual financial statements, provided that the Member who is otherwise entitled to the annual financial report of the Company and the Directors’ report thereon may, if he/she so requires, by notice in writing served on the Company, demand that the Company send to him/her within seven days of receipt of notice of his/her election to receive the annual financial report, in addition to a summary financial report, a complete printed copy of the Company’s annual financial report and the Directors’ report thereon.

For the purposes of Bye-Law 136(B), “summary financial report” shall meet the requirements for “summary financial report” under the Companies Ordinance and the requirements for “summarized financial statements” under section 87A(3) of the Companies Act.”

(vi) By renumbering Bye-Law 138 as 138(A) and replacing it with the following Bye-Law:

“138(A). Any notice or other document (including a share certificate) may be served on any Member by the Company by delivering it to the Member personally or by sending it through the post in a prepaid letter addressed to such Member at his registered address as appearing in the Register; or if the law permits by sending it through facsimile transmission; or by delivering it to or leaving it at such registered address addressed as aforesaid; or (in the case of notice) by advertisement in an official publication or newspaper circulating in Bermuda and in one or more newspapers circulating in the Relevant Territory or, in the case of Consenting Members, by communicating it through electronic communication in such manner or to such address as may be authorised by the Consenting Members concerned from time to time. In the case of joint holders of any shares, service or delivery of any notice or other document on or to any one of the joint holders shall for all purposes be deemed sufficient service on or delivery to all the joint holders of such shares.”

(vii) By inserting the following new Bye-Law 138(B) immediately after Bye-Law 138(A):

“138(B). Any notice or document referred to in Bye-law 138(A) may be served or delivered by the Company by reference to the Register of Members as it stands at any time not more than fifteen days before the date of service or delivery of such notice or document. Any changes to the Register of Members which take place after a notice or document is duly served or delivered in accordance with these Bye-Laws shall not invalidate any such service or delivery or such notice or document. Where any notice or document is served on or delivered to any person as a Member in accordance with these Bye-Laws, any other person who has any title or interest derived from the shareholding of that Member shall not be entitled to be served or delivered that notice or document.”

(viii) By replacing Bye-Law 139 with the following Bye-Law:

“139. Any such notice or document, if sent by post (including airmail), shall be deemed to have been served or delivered 48 hours after the time when the envelope containing the notice or document is put in the post; and in proving such service or delivery it shall be sufficient to prove that the notice or document is properly addressed, stamped and put in the post. Any notice or document delivered to or left at a registered address otherwise than by mail shall be deemed to have been served or delivered on the day it is so delivered or left. Any notice or document sent by facsimile transmission to a registered facsimile number in the records of the Company shall be deemed to have been served, if the law permits, upon transmission if the relevant facsimile machine generates a transmission report indicating that the transmission of the notice or document is successful. Any notice or document, if sent by means of electronic communication, shall be deemed to have been given on the day on which the electronic



communication is made by or on behalf of the Company. Any notice served by advertisement shall be deemed to have been served on the day of issue of the official publication and/or newspaper(s) in which the advertisement is published (or on the last day of issue if the publication and/or newspaper(s) are published on different dates). Any notice or other document served or delivered by the Company by any other means as authorised in writing by the Member concerned shall be deemed to have been served when the Company has carried out the action it has been authorised to take for that purpose.”

By Order of the Board  
**Wong Kwok Ying**  
Company Secretary

Hong Kong, 28 April 2003

*Head Office and Principal Place of Business:*

Units E & F, 2nd Floor  
Hop Hing Building  
9 Ping Tong Street East  
Tong Yan San Tsuen  
Yuen Long, New Territories

*Registered Office:*

Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

*Notes:*

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and in the event of a poll, vote on his behalf. A proxy need not be a Member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the Company's Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the meeting.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.
4. Concerning item 5A above, the Directors wish to state that approval is being sought from Members for a general mandate to be given to the Directors to allot additional securities of the Company in order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to issue any securities of the Company up to 20 per cent of the existing issued share capital.
5. Concerning items 5B and 5C above, approval is being sought from Members for a general mandate to be given to the Directors to repurchase securities and to reissue securities as a result of such repurchase. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, a letter setting out the terms and conditions upon which such power will be exercised accompanies this notice.

Please also refer to the published version of this announcement in The Standard.