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HONG TONG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF NEW SHARES AND RESUMPTION OF TRADING

Further to the announcement of the Company dated 23 September 2003 regarding the Letter of Intent for the proposed acquisition of the entire interest of King Glory, the Board wishes to announce that on 7 October 2003, the Company and HTH, an indirectly wholly-owned subsidiary of the Company, have entered into the Sale and Purchase Agreement with Angola Group as vendor and the Warrantors relating to the proposed acquisition of the Sale Share for an aggregate consideration of not more than HK\$45,400,000.

The consideration of not more than HK\$45,400,000 shall be satisfied, (a) as to HK\$1,000,000 to be paid by HTH to Angola Group in cash on Completion; (b) as to HK\$3,540,000 by the issue and allotment of 3,000,000 Consideration Shares to Angola Group at the Issue Price on Completion; and (c) as to the balance of not more than HK\$40,860,000, HTH shall, on each Relevant Date, pay to Angola Group a sum of HK\$4,540,000 which shall be satisfied, (i) as to HK\$1,000,000 to be paid by HTH to Angola Group in cash on Relevant Date; and (ii) as to HK\$3,540,000 by the issue and allotment of 3,000,000 Consideration Shares to Angola Group at the Issue Price on Relevant Date.

Each of Angola Group and the Warrantors is not a connected person (as defined in the Listing Rules) of the Company. The Directors consider that the Acquisition is in the interest of the Company and that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Shareholders are concerned.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As the general mandate granted to the Directors at the annual general meeting of the Company held on 29 August 2003 has been fully utilized under the Placing, the issue of the maximum of 30,000,000 Consideration Shares in relation to the Acquisition is subject to the approval of the Shareholders at the EGM. As Angola Group and the Warrantors have no shareholdings in the Company as at the date of this announcement, no Shareholders shall abstain from voting at the EGM. A circular containing, inter alia, details of the Acquisition and a notice to convene the EGM, will be despatched to the Shareholders as soon as practicable.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, up to a maximum of 30,000,000 Consideration Shares to be issued by the Company pursuant to the Sale and Purchase Agreement on the Stock Exchange.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 6 October 2003 pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 8 October 2003.

THE SALE AND PURCHASE AGREEMENT DATED 7 OCTOBER 2003

Parties

<i>Purchaser</i>	Hong Tong Hai Investments Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
<i>Vendor</i>	Angola Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by the Warrantors
<i>Warrantors and Guarantors</i>	Yan Youlan, Xing Xiaolin, Jin Lijing and Chen Lei, each of whom is interested in 25 per cent. of the issued share capital of Angola Group
<i>Company</i>	Hong Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are currently listed on and dealt in the Stock Exchange

Each of Angola Group and the Warrantors is not a connected person (as defined in the Listing Rules) of the Company. Angola Group and the Warrantors have no shareholdings in the Company as at the date of this announcement.

Assets to be acquired

Sale Share	1 ordinary share of US\$1.00 each in the capital of King Glory, representing the entire issued share capital of King Glory
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Conditions for completion of the Sale and Purchase Agreement

Completion shall be conditional upon:—

- (a) the passing by the Shareholders of an ordinary resolution at the EGM to be convened for the purpose of approving the issue and allotment of the aggregate of 30,000,000 Consideration Shares under the Sale and Purchase Agreement;
- (b) the listing of, and permission to deal in, all the 30,000,000 Consideration Shares being granted by the Listing Committee of the Stock Exchange;
- (c) completion of the due diligence of King Glory by HTH to its satisfaction;
- (d) all necessary approvals, licences, permits, consents and authorisations for the formation of the First JV Company having been obtained from and issued by the competent PRC governmental authorities, regulatory bodies and any relevant parties and the business licence of the First JV Company having been issued and obtained;
- (e) completion of the due diligence of the First JV Company and the terms and conditions of joint venture contract and articles of association of the First JV Company to the satisfaction of HTH;
- (f) a valuation report to be issued by an independent valuer to be appointed by HTH showing the value of the Benchmark Project of not less than HK\$10,000,000 having been obtained;

- (g) all necessary consents, authorisations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance of the terms of the Sale and Purchase Agreement which may be required by HTH and the Company under the Listing Rules, from the Stock Exchange or any regulatory authority having been obtained;
- (h) all the warranties given by Angola Group and the Warrantors under the Sale and Purchase Agreement remain true and correct at all times as from the signing of the Sale and Purchase Agreement up to the Completion Date; and
- (i) all the undertakings comprising the warranties given by Angola Group and the Warrantors under the Sale and Purchase Agreement having been complied with and/or performed.

HTH may waive any of the above Conditions to the extent it is capable of waiving (save and except Conditions (a), (b) and (g) above) at any time before Completion by notice in writing to Angola Group.

Subject to the fulfilment or satisfaction or waiver by HTH, as the case may be, of all of the Conditions, Completion shall take place on the Completion Date.

If any of the Conditions has not been fulfilled or waived by HTH in its absolute discretion on or before the Long Stop Date (or such other date as may be mutually agreed by the parties in writing, the Sale and Purchase Agreement shall from such date be null and void and have no effect and no party shall have any obligations and liabilities to the other party under the Sale and Purchase Agreement (without prejudice to the rights of any party in respect of antecedent breaches).

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, up to a maximum of 30,000,000 Consideration Shares to be issued by the Company pursuant to the Sale and Purchase Agreement on the Stock Exchange.

Formation of JV Companies for the PRC Projects

Pursuant to the Co-operation Agreement dated 28 August 2003 entered into between King Glory and BCS General Energy & Environment, BCS General Energy & Environment and King Glory have agreed to form the JV Companies in exploring the waste incineration and processing market in the PRC. BCS General Energy & Environment will own not more than 49% and King Glory will own not less than 51% of the registered capital of each of the JV Companies. BCS General Energy & Environment will be responsible for providing technical support and operational management for the waste incineration and processing projects of the JV Companies. King Glory will be responsible for making financing arrangement for the JV Companies. The JV Companies aim to set up a series of highly effective municipal solid waste incineration and processing facilities by using the proprietary technology and equipment of BCS General Energy & Environment.

As projected in the Benchmark Project, the total investment amount of a PRC Project will be RMB220 million, of which not more than 30% will be injected in the form of registered capital and the remaining balance will be financed by way of external financing. The PRC Project would involve the construction of an incineration boiler with annual incineration capacity of 365,000 tonnes and power generating facility with electricity generating capacity of 240 million kWh of per annum. The PRC Project will rely on circulating fluid bed incineration technology developed by BCS General Energy & Environment. The PRC Project has two sources of revenues. The first source of revenues would derive from waste handling charges paid by the local government on per ton basis. The second source of revenues, also the prime source, would derive from the generation of electric power. Angola Group and the Board expect that each PRC Project will last for a term of 25 years.

It is the intention of King Glory and BCS General Energy and Environment to undertake in the form of an equity joint venture of not less than 10 PRC Projects and depending on where the PRC Project will be situated, a JV Company will be formed in the same area to carry on the business of such PRC Project. Angola Group has agreed to use its best endeavours to assist HTH to form not less than 9 JV Companies after Completion each to engage in a PRC Project (excluding the First PRC Project) of terms acceptable to HTH within a period of 3 years from the Completion Date. Unless with HTH's prior consent in writing, the terms of each PRC Project shall fulfil, including but not limited to, the following requirements:—

- (a) the incineration capacity of each PRC Project shall not be less than that of the Benchmark Project; and
- (b) the internal rate of return of the PRC Project shall not be less than approximately 15% per annum as set out in the Benchmark Project.

For the purpose of evaluating the PRC Projects, HTH has appointed Adonis Appraisal Limited, an independent valuer, to perform a valuation on the Benchmark Project by applying discount cash flow method on the financial projection as provided by King Glory and BCS General Energy & Environment. According to the preliminary valuation of the Benchmark Project as at 15 August 2003, the fair market value of a 100% interest in the business enterprise of the Benchmark Project is estimated to be HK\$13,100,000. As King Glory has the right under the Co-operation Agreement to own not less than 51% of the equity interest of each JV Company, the fair market value of a minimum of 51% equity interest in the Benchmark Project is equivalent to HK\$6,681,000. The consideration of HK\$4,450,000, payable by HTH to Angola Group upon formation of a JV Company to engage in the business of a PRC Project, represents a discount of approximately 33.4% to the valuation of a minimum of 51% of the equity interest in the Benchmark Project. The discount of consideration to valuation was arrived at after arm's length negotiation after taking into account the basis of the business valuation.

The total investment cost of the Benchmark Project is approximately RMB220 million. The Benchmark Project would involve the construction of an incineration plant in the Guangdong province of the PRC with an average daily waste processing capacity of 1,000 tonnes, which would generate 128,000,000 kWh of electric power per annum. The Benchmark Project will rely on circulating fluid bed combustion technique developed by BCS General Energy and Environment. The Benchmark Project will have 2 sources of revenues. The first source of revenues would derive from waste handling charges paid by the local government on per ton basis. The second source of revenues, also the prime source, would derive from the generation of electric power.

Consideration and payment terms

The total consideration of not more than HK\$45,400,000 for the Acquisition was arrived at after arm's length negotiations with reference to the preliminary valuation of the Benchmark Project as at 15 August 2003 at HK\$13,100,000 by Adonis Appraisal Limited, an independent valuer. A formal valuation report will be produced and included in the circular to be dispatched to the Shareholders.

The consideration payable by HTH to Angola Group shall be a maximum of HK\$45,400,000 which shall be satisfied by HTH in the following manners:

- (a) as to HK\$1,000,000 to be paid by HTH to Angola Group in cash on Completion;
- (b) as to HK\$3,540,000 by the issue and allotment by the Company of the first batch of 3,000,000 Consideration Shares to Angola Group at the Issue Price on Completion;

- (c) as to the balance of not more than HK\$40,860,000 (“Balance”), HTH shall, on each Relevant Date during a period of 3 years from the Completion Date, pay to Angola Group a sum of HK\$4,540,000 which shall be satisfied by HTH in the following manners:—
 - (a) as to HK\$1,000,000 in cash on Relevant Date; and
 - (b) as to HK\$3,540,000 by the issue and allotment of 3,000,000 Consideration Shares to Angola Group at the Issue Price on Relevant Date.

Conditions for payment of the balance of the Consideration

Payment of the Balance on each Relevant Date shall be conditional upon the fulfilment of all of the following conditions (“Further Conditions”):

- (a) all necessary approvals, licences, permits, consents and authorisations for the formation of the JV Company (save the First JV Company) for carrying on the business of the relevant PRC Project having been obtained from and issued by the competent PRC governmental authorities, regulatory bodies and any relevant parties and the business licence of such JV Company having been issued and obtained;
- (b) the registered capital of the JV Company not exceeding 30% of the total investment amount of such JV Company and the remaining investment amount having been arranged to be financed by external financing;
- (c) all necessary consents, authorisations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the issue and allotment of the subsequent 3,000,000 Consideration Shares and the transactions contemplated under the Sale and Purchase Agreement may be required by HTH and/or the Company under the Listing Rules, from the Stock Exchange, SFC or any regulatory authority having been obtained;
- (d) HTH and the Company are in compliance with any requirements of the Listing Rules, any applicable law, the Stock Exchange, the SFC or other regulatory requirements for the issue and allotment of the subsequent 3,000,000 Consideration Shares and the transactions contemplated under the Sale and Purchase Agreement.

In the event that the Company shall, through King Glory, form any JV Companies (save for the First JV Company) after Completion, the formation of each of such JV Companies shall be subject to the requirements under Chapter 14 of the Listing Rules including, if necessary, the issuance of a separate announcement and the approval of the Shareholders.

Consideration shares

The issue price of HK\$1.18 per Consideration Share represents:—

- (i) a discount of approximately 28.9 per cent. to the closing price of HK\$1.660 per Share as quoted on the Stock Exchange on 19 September 2003, being the date of the Letter of Intent;
- (ii) a discount of approximately 35.7 per cent. to the average closing price of approximately HK\$1.836 per Share as quoted on the Stock Exchange for the last ten trading days prior to and including 19 September 2003;

- (iii) a discount of approximately 31.0 per cent. to the closing price of HK\$1.710 per Share as quoted on the Stock Exchange on 3 October 2003, being the last trading day immediately prior to the suspension of trading in the Shares on 6 October 2003; and
- (iv) a discount of approximately 30.5 per cent. to the average closing price of HK\$1.697 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 3 October 2003, being the last trading day immediately prior to the suspension of trading in the Shares on 6 October 2003.

The market value of the 30,000,000 Consideration Shares is HK\$51,300,000 based on the latest closing price of HK\$1.710 per Share as quoted on the Stock Exchange on 3 October 2003, being the last trading day immediately before the entering of the Sale and Purchase Agreement.

The Issue Price was arrived at after arm's length negotiations between Angola Group and HTH and determined with reference to the placing price of HK\$1.18 under the Placing. In view of the thin trading volume of Shares (with average monthly trading volume of approximately 3.7 million Shares for the past 12 months) and the reported net loss of the Group of approximately HK\$40.6 million for the year ended 31 March 2003, the Directors are of the view that the Issue Price is fair and reasonable to the Shareholders.

Based on 223,800,000 Shares in issue as at the date of this announcement, the maximum of 30,000,000 Consideration Shares represent (a) approximately 13.40 per cent. of the existing issued share capital of the Company; and (b) approximately 10.05 per cent. of the issued share capital of the Company as enlarged by the Placing and the issue of the aggregate of 30,000,000 Consideration Shares.

Pursuant to the Co-operation Agreement, there is no limitation on the number of joint ventures to be formed between King Glory and BCS General Energy & Environment. In the event that King Glory has completed the formation of not less than 10 JV Companies (including the First JV Company) and all the Further Conditions are fulfilled pursuant to the Sale and Purchase Agreement, Angola Group will be interested in aggregate of 30,000,000 Shares, representing approximately 10.05 per cent. of the issued share capital of the Company as enlarged by the Placing and the issue of the total of 30,000,000 Consideration Shares and become a substantial shareholder of the Company. However, in the event that King Glory manages to form more than 10 Joint Venture Companies, HTH will not be obliged to pay any consideration more than the maximum amount of HK\$45,400,000.

Pursuant to the Sale and Purchase Agreement, Angola Group does not have any right to appoint any director to the Board and any management staff to the Company. Currently, the board of directors of King Glory comprises one director. HTH will nominate at least one director to replace the existing one director nominated by Angola Group to King Glory on Completion.

Non-disposal Undertaking

Angola Group has irrevocably and unconditionally undertaken to and covenanted with HTH that:—

- (a) for a period of 6 months commencing from the Completion Date, Angola Group shall not dispose of (or enter into any agreement to dispose of), nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of its direct or indirect interest (as the case may be) in the first batch of 3,000,000 Consideration Shares; and
- (b) for a period of 6 months commencing from each Relevant Date, Angola Group shall not dispose of (or enter into any agreement to dispose of), nor permit the registered holder to dispose of (or enter into any agreement to dispose of) any of its direct or indirect interest (as the case may be) in each subsequent batch of 3,000,000 Consideration Shares.

INFORMATION ON ANGOLA GROUP, KING GLORY AND BCS GENERAL ENERGY & ENVIRONMENT

Angola Group, a company incorporated on 18 April 2000 in British Virgin Islands with limited liability, is beneficially owned as to 25 per cent. by each of the Warrantors. Since the incorporation of Angola Group in 2000, it has been mainly participated in bond and stock trading in Hong Kong. It only started to explore the waste incineration and processing market in the PRC in 2002 and established King Glory to pursue business opportunities in that area. Angola Group has also engaged a professional consultant to conduct a professional study in similar waste incineration and processing business in various markets.

King Glory, a company incorporated on 20 August 2002 in British Virgin Islands with limited liability and wholly owned by Angola Group, has no assets and business operations as at the date of this announcement and is a special purpose vehicle for entering into the Co-operation Agreement with BCS General Energy & Environment. BCS General Energy & Environment is owned as to 54.9 per cent. by China Sciences Group and as to 45.1 per cent. by 20 individuals and is a specialist in waste incineration and processing in the PRC. BCS General Energy & Environment and all its beneficial shareholders are not connected persons (as defined in the Listing Rules) of the Company.

China Sciences Group, supported by the technology and expertise of BCS General Energy & Environment, has participated in tendering projects in waste incineration and processing in various municipalities of the PRC. To the best knowledge of the Company, China Sciences Group has not been awarded with any of such projects before 23 September 2003, the date of the announcement of the Company regarding the Letter of Intent for the proposed acquisition of the entire interest of King Glory. The investment amount and other principal terms of the PRC project will have to be reviewed and accepted by King Glory before any JV Companies is established as and when China Science Group is awarded with the relevant PRC Project. So far, no JV Company has been established between King Glory and BCS General Energy & Environment and the investment amount for each JV Company has yet to be determined. The JV Companies, if any, will be established in the form of equity joint ventures.

China Sciences Group is a large scale enterprise group established by Chinese Academy of Science. China Sciences Group was established in January 1998 with a registered capital of RMB200 million. BCS General Energy & Environment became a member of China Sciences Group in July 2001 as a result of corporate reorganization of the enterprises of Chinese Academy of Science. The predecessor of BCS General Energy & Environment is Beijing General Energy and Power Company, which in turn was established by the Institute of Engineering Thermophysics of Chinese Academy of Science in the 1980s. China Sciences Group comprises over 40 enterprises focusing on science and technology activities and engaging in a wide range of business activities including, inter alia, research and development, production and sale of products in the fields of information technology, environmental protection, energy, computer systems, medical equipment and biotechnology.

REASONS FOR THE ACQUISITION

The Group is principally engaged in electrical engineering contracting business, trading in electrical equipment and materials mainly in private sector in Hong Kong and the PRC and provision of corporate and business consultancy services, direct investments and securities brokerage services in Hong Kong.

Pursuant to a study from Columbia University of the United State of America, municipal solid waste is one of the major problems that affects the environmental quality and the sustainable development of the cities of the PRC and rural areas. Accordingly to a report on handling the municipal solid waste in the PRC issued by Lund University in Sweden, the PRC, ranked after the USA, generated the second largest amount of municipal waste when compared with the OECD countries. In terms of municipals waste per capita per day, the PRC, ranked after the USA and Canada, generated the third largest amount of municipal waste when compared with the OECD countries. According to figures by National Bureau of Statistics of China, the amount of municipal solid waste increased from 108 million tonnes in 1996 to 135 million tonnes in 2001, representing an increase of 25 per cent. The shortage of municipal solid waste disposal and treatment facilities and the backward technologies causes a large amount of solid waste disposal to be untreated and dumped in the open area. As a result, not only have land resources been wasted, but also there is a large scale pollution of the atmosphere, water and soil.

As mentioned in the 2003 annual report of the Company, the Group has been evaluating investment opportunities in the PRC for environmental protection by using sophisticated technology to transform domestic waste into electricity power. The Directors believe that the Acquisition represents an excellent opportunity for the Company to diversify into a unique business with vast market potential. It was also mentioned in the 2003 annual report of the Company that the Group is striving to minimize the adverse impact arising from the contraction of the electrical engineering market by implementing strategies including vertical integration into construction related businesses and horizontal diversification. The Acquisition is in line with the corporate strategy of the Group. In addition to the Shareholders' returns expected to be generated from the waste management projects, the Directors also aim to participate in the construction of the waste incineration plants and in the electrical engineering contracting services. Accordingly, the Directors expect that the construction of the waste incineration plants and the electrical engineering projects in relation to the Acquisition will be able to create synergy to the existing electrical engineering businesses of the Group.

The terms of the Sale and Purchase Agreement were agreed after arm's length negotiations. The Directors consider that the Acquisition is in the interest of the Company and that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Shareholders are concerned.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE COMPANY

Shareholders	Existing shareholding		Shareholding after completion of the Placing		Shareholding after completion of 10 PRC Projects	
	Number of Shares held	Per cent.	Number of Shares held	Per cent.	Number of Shares held	Per cent.
YSH Investments Limited (<i>Note 1</i>)	58,916,000	26.33	58,916,000	21.94	58,916,000	19.73
Highworth Venture Limited (<i>Note 2</i>)	54,900,000	24.53	54,900,000	20.44	54,900,000	18.39
AWH Fund Ltd.	27,366,000	12.23	27,366,000	10.19	27,366,000	9.17
Angola Group	—	—	—	—	30,000,000	10.05
Public	82,618,000	36.92	127,378,000	47.43	127,378,000	42.66
Total	<u>223,800,000</u>	<u>100.00</u>	<u>268,560,000</u>	<u>100.00</u>	<u>298,560,000</u>	<u>100.00</u>

Notes:

1. Mr. Lai Sai Sang, former Chairman of the Company and existing director of subsidiaries of the Company, has a 90.4 per cent. beneficial interest in YSH Investments Limited.
2. Highworth Venture Limited is a company wholly owned by Mr. Hon Ming Kong, Chairman and executive Director.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As the general mandate granted to the Directors at the annual general meeting of the Company held on 29 August 2003 has been fully utilized under the Placing, the issue of the maximum of 30,000,000 Consideration Shares in relation to the Acquisition is subject to the approval of the Shareholders at the EGM. As Angola Group and the Warrantors have no shareholdings in the Company as at the date of this announcement, no Shareholder shall abstain from voting at the EGM. A circular containing, inter alia, details of the Acquisition and a notice to convene the EGM, will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES OF THE COMPANY

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 6 October 2003. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 8 October 2003.

Terms used in this announcement:

“Acquisition”	the proposed acquisition of the Sale Share by HTH from Angola Group pursuant to the Sale and Purchase Agreement
“Angola Group”	Angola Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned by the Warrantors each holding a 25 per cent. shareholding interest
“BCS General Energy and Environment”	北京中科通用能源環保有限責任公司 (Beijing China Sciences General Energy & Environmental Protection Co., Ltd.), a company incorporated in the PRC and owned as to 54.9 per cent. by China Sciences Group and as to 45.1 per cent. by 20 individuals
“Benchmark Project”	a waste incineration and processing project jointly selected by Angola Group and HTH as valued by Adonis Appraisal Limited for the purpose of serving as a benchmark for King Glory to engage in the PRC Projects and as a basis for determining the Consideration
“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are open for business other than a Saturday
“China Science Group”	中科實業集團(控股)公司 (China Sciences Enterprise Group (Holding) Corporation, a large scale enterprise group established by 中國科學院 (Chinese Academy of Science)

“Company”	Hong Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	(i) the date which is the third business day after the date on which all the Conditions to be satisfied or waived are satisfied or waived; or (ii) such other date as mutually agreed among the parties provided that if such day is not a business day, the Completion Date shall be the next business day thereafter
“Conditions”	conditions for completion of the Sale and Purchase Agreement
“Consideration”	the consideration for the Acquisition
“Consideration Shares”	new Shares to be issued and allotted to Angola Group pursuant to the Sale and Purchase Agreement
“Co-operation Agreement”	a co-operation agreement entered into between King Glory and BCS General Energy and Environment dated 28 August 2003 in relation to the formation of joint venture in exploring the waste disposal market in the PRC
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of approving the issue of the maximum of 30,000,000 Consideration Shares
“First Project”	the first PRC Project to be undertaken by BCS General Energy and Environment and the Company
“First JV Company”	the JV Company to be established before Completion for the carrying on of the business of the First Project
“Further Conditions”	the conditions for payment of the balance of the Consideration of not more than HK\$40,860,000 pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Guarantors”	Yan Youlan, Xing Xiaolin, Jin Lijing and Chen Lei, who are the legal and beneficial owners of the entire issued share capital of Angola Group
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HTH”	Hong Tong Hai Investments Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“Issue Price”	HK\$1.18 per Consideration Share

“JV Companies”	sino-foreign equity joint venture enterprises to be established by King Glory and BCS General Energy and Environment in the PRC to be engaged in the business of the development, construction and management of the PRC Project pursuant to the Co-operation Agreement and each a “JV Company”
“King Glory”	King Glory Development Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Angola Group
“Letter of Intent”	the legally binding letter of intent dated 19 September 2003 entered into between HTH and Angola Group in relation to the Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2003
“OECD”	Organisation for Economic Co-operation and Development
“Placing”	a private placing by Sanfull Securities Limited of 44,760,000 new Shares at the price of HK\$1.18 per Share with independent investors pursuant to the placing and underwriting agreement dated 19 September 2003
“PRC”	the People’s Republic of China
“PRC Project”	waste incineration and processing business project in the PRC which involves the construction of incineration boilers and electricity generators
“Relevant Date”	the date falling within a period of 10 business days after the establishment of a JV Company (save the First JV Company) and fulfilment of all the Further Conditions pursuant to the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 7 October 2003 entered into between the Company, HTH, Angola Group and the Warrantors in relation to the Acquisition
“Sale Share”	1 ordinary share of US\$1.00 each in the capital of King Glory, representing the entire issued share capital of King Glory
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“USA”	United States of America
“Warrantors”	Yan Youlan, Xing Xiaolin, Jin Lijing and Chen Lei, who are the legal and beneficial owners of the entire issued share capital of Angola Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Hong Tong Holdings Limited
Hon Ming Kong
Chairman

Hong Kong, 7 October 2003

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