



# Asia Logistics Technologies Limited 亞洲物流科技有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2002

### FINAL RESULTS

The board of directors (the “Directors”) of Asia Logistics Technologies Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2002 with comparative figures for the previous year as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	<b>2002</b> <i>HK\$'000</i>	2001 <i>HK\$'000</i> <i>(Restated)</i>
<b>TURNOVER</b>	<i>1</i>		
Continuing operations		<b>18,511</b>	61,920
Discontinued operations		—	889
		<hr/> <b>18,511</b>	<hr/> 62,809
Cost of sales		<b>(14,737)</b>	(43,208)
Gross profit		<b>3,774</b>	19,601
Other revenue		<b>2,182</b>	7,923
Selling and distribution costs		<b>(3,814)</b>	(4,865)
Administrative expenses		<b>(40,510)</b>	(43,373)
Other operating expenses		<b>(33,818)</b>	(835)
Loss on deemed disposal of subsidiaries		<b>(1,032)</b>	—
Loss on disposal of discontinued operations	<i>2</i>	—	(534)
<b>LOSS FROM OPERATING ACTIVITIES</b>	<i>3</i>	<hr/> <b>(73,218)</b>	<hr/> (22,083)
Finance costs	<i>4</i>	<b>(1,565)</b>	(326)
Share of losses of:			
Jointly-controlled entity		<b>(128)</b>	—
Associates		<b>(17,363)</b>	(70)
Amortisation of goodwill on acquisition of associates		<b>(670)</b>	—
<b>LOSS BEFORE TAX</b>		<hr/> <b>(92,944)</b>	<hr/> (21,813)
Continuing operations		<b>(92,944)</b>	(21,813)
Discontinued operations		—	(666)
		<hr/> <b>(92,944)</b>	<hr/> (22,479)
Tax	<i>5</i>		
Continuing operations		—	(183)
Discontinued operations		—	—
		<hr/> <b>—</b>	<hr/> (183)
<b>LOSS BEFORE MINORITY INTERESTS</b>		<hr/> <b>(92,944)</b>	<hr/> (22,662)
Minority interests		<b>3,550</b>	(1,690)
<b>NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>		<hr/> <b>(89,394)</b>	<hr/> (24,352)
<b>LOSS PER SHARE</b>	<i>6</i>		
Basic		<hr/> <b>HK2.67 cents</b>	<hr/> HK0.84 cent
Diluted		<hr/> N/A	<hr/> N/A

Notes:

## 1. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net invoiced value of goods sold, after allowance for returns and trade discounts, and the value of services rendered.

An analysis of the Group's revenue and results for the year by business segments and by geographical segments are summarised as follows:

### (a) Business segments

	Continuing operations		Discontinued operations		Consolidated	
	Logistics technology		Bowling recreation			
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment revenue:						
Sales to external customers	18,511	61,920	—	889	18,511	62,809
Rental income	—	—	—	1,132	—	1,132
	<u>18,511</u>	<u>61,920</u>	<u>—</u>	<u>2,021</u>	<u>18,511</u>	<u>63,941</u>
Total	<u>18,511</u>	<u>61,920</u>	<u>—</u>	<u>2,021</u>	<u>18,511</u>	<u>63,941</u>
Segment results	<u>(59,148)</u>	<u>(25,921)</u>	<u>—</u>	<u>(666)</u>	<u>(59,148)</u>	<u>(26,587)</u>
Interest income					2,182	6,791
Unallocated expenses					<u>(16,252)</u>	<u>(2,287)</u>
Loss from operating activities					<u>(73,218)</u>	<u>(22,083)</u>
Finance costs					<u>(1,565)</u>	<u>(326)</u>
Share of losses of:						
Jointly-controlled entity					<u>(128)</u>	<u>—</u>
Associates					<u>(17,363)</u>	<u>(70)</u>
Amortisation of goodwill on acquisition of associates					<u>(670)</u>	<u>—</u>
Loss before tax					<u>(92,944)</u>	<u>(22,479)</u>
Tax					<u>—</u>	<u>(183)</u>
Loss before minority interests					<u>(92,944)</u>	<u>(22,662)</u>
Minority interests					<u>3,550</u>	<u>(1,690)</u>
Net loss from ordinary activities attributable to shareholders					<u>(89,394)</u>	<u>(24,352)</u>

(b) *Geographical segments*

	Mainland China		Hong Kong		Consolidated	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment revenue:						
Sales to external customers	<u>14,348</u>	<u>61,168</u>	<u>4,163</u>	<u>1,641</u>	<u>18,511</u>	<u>62,809</u>
Other segment information:						
Segment assets	<u>127,057</u>	<u>161,356</u>	<u>174,871</u>	<u>202,115</u>	<u>301,928</u>	<u>363,471</u>
Capital expenditure	<u>1,368</u>	<u>5,373</u>	<u>501</u>	<u>9,894</u>	<u>1,869</u>	<u>15,267</u>

## 2. DISCONTINUED OPERATIONS

On 17 May 2001, the Company publicly announced the decision of its board of directors to discontinue the operation of bowling recreation centres by completely disposing of certain subsidiaries, the principal activity of which was the operation of bowling recreation centres in Mainland China. The disposal is consistent with the Group's long term strategy to concentrate on its logistics technology business. The discontinuance was completed in May 2001.

## 3. LOSS FROM OPERATING ACTIVITIES

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

	2002 HK\$'000	2001 HK\$'000
Cost of inventories sold	2,249	14,680
Cost of services provided	12,488	28,528
Depreciation	2,102	1,716
Auditors' remuneration	970	563
Co-operation fee	—	75
Minimum lease payments under operating leases in respect of land and buildings	4,874	6,153
Staff costs, excluding directors' remuneration:		
Salaries	23,134	36,008
Retirement benefits scheme contributions	<u>280</u>	<u>221</u>
	<u>23,414</u>	<u>36,229</u>
Research and development costs	4,230	—
Amortisation of goodwill	3,950	771
Loss on disposal of fixed assets	668	46
Write off of fixed assets	4,508	—
Exchange losses, net	6	18
Provision for impairment of long term listed investments	12,703	—
Provision for bad and doubtful debts	1,104	—
Provision for other receivables	6,649	—

and after crediting:

Bank interest income	846	5,580
Other loan interest income	1,336	1,211
Gross and net rental income	<u>—</u>	<u>1,132</u>

#### 4. FINANCE COSTS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest on bank loans wholly repayable within one year	370	132
Interest on convertible bond	1,179	194
Interest on finance leases	16	—
	<u>1,565</u>	<u>326</u>

#### 5. TAX

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Group:		
Hong Kong	—	183
	<u>—</u>	<u>183</u>
Tax charge for the year	—	183
	<u>—</u>	<u>183</u>

No provision for profits tax has been made as the Group did not generate any assessable profits during the year. Hong Kong profits tax was provided at the rate of 16% on the estimated assessable profits arising in Hong Kong in prior year.

Deferred tax has not been provided for the Group or the Company as there were no significant timing differences giving rise to deferred tax liabilities at 31 December 2002 (2001: Nil).

#### 6. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$89,394,000 (2001: HK\$24,352,000) and the weighted average of 3,342,852,413 (2001: 2,885,446,921) ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 31 December 2002 and 2001 have not been disclosed, as the share options and convertible bond outstanding during these years had anti-dilutive effects on the basic loss per share for these years.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Financial Results

For the year ended 31 December 2002, the Group recorded a turnover of approximately HK\$18.5 million (2001: HK\$63 million), representing a decrease of 70.6% over previous year's figure. The decrease was mainly due to a deemed disposal of major subsidiaries of the Group in May 2002. Net loss from ordinary activities attributable to shareholders amounted to approximately HK\$89 million (2001: HK\$24 million). The unfavourable results were mainly due to increase in costs incurred by the Group in research and development on logistics technology business, further expansion and consolidation of its logistics technology business and impairment in value in long term listed investments.

#### Financial Position

In April 2002, the Group, using its internal resources of approximately HK\$44 million, increased its shareholding in New World CyberBase Limited ("NWCB") to approximately 27.5% through subscribing for and underwriting the shares of NWCB under a rights issue exercise. As a result of this transaction, NWCB became an associated company of the Group.

In May 2002, the Group placed 159,121,700 new shares to a subsidiary of Legend Group Limited, the largest IT corporations in China, at an issue price of HK\$0.1332 per share. This placement generated a net cash inflow of approximately HK\$21 million to the Group. Such proceeds have been used by the Group as general working capital.

In order to further enhance its 4th party logistics business, on 23 October 2002, the Group acquired the remaining 45.702% equity interest in Fusion Tech Holding Limited. The consideration was satisfied by cash of HK\$400,000 and issue and allotment of 300,000,000 new shares of the Company to the vendor. Immediately after the acquisition, Fusion Tech Holding Limited became an indirect wholly-owned subsidiary of the Company.

As at 31 December 2002, cash and bank balance for the Group amounted to approximately HK\$37.7 million (2001: HK\$131 million). The Group has no bank borrowings as at 31 December 2002 (2001: nil). Notwithstanding this situation, the gearing ratio of the Group as at 31 December 2002, dividing the outstanding amount of convertible bond and non-current finance lease payables by shareholders' equity, was 0.158 (2001: 0.13).

The Group's monetary assets and liabilities were principally denominated in Hong Kong dollars and Renminbi. During the year under review, there has been minimal fluctuation in exchange rate between Hong Kong dollars and Renminbi and accordingly, the Group's exposure to currency exchange risk was minimal.

## **Business review**

To further strengthen its foothold and reinforce its leading position in the logistics industry in China, the Group has been focusing on the development of its integrated 4th party logistics (4PL) solutions.

Despite the global economic downturn, which continues to inflict a negative impact on the business environment, the economy in China has seen steady growth presenting tremendous opportunities and potential for businesses. Boosted further by its accession to World Trade Organisation (WTO), the Group sees a promising future for China's logistics industry. To capture arising business opportunities, the Group has made strategic moves to strengthen its presence in the logistics industry in China, in parallel with its vision to become a leading total logistics technology solutions and services provider. During the review year, the Group has committed every effort into offering best-fit supply chain and logistics technology management solutions and services as well as further enhancing its 4PL services for customers.

### *Integrated Fourth Party Logistics Services*

In October 2002, the Group increased its stake in Fusion Tech Holding Limited from 54.298% to 100%. The key operating arm of Fusion Tech Holding Limited is Asia Logistics (Tianjin) Limited ("ALT (TJ)"). ALT(TJ) is a leading 4PL solutions provider with an established nationwide network in China and offers a wide range of logistics value-added services. These include information collection, analysis, matching services, business management, risk control, etc. The solutions provide customers with timely, economical and reliable one-stop, door-to-door integrated logistics services, which include logistics management consulting, warehousing, transportation, packaging, goods tracking systems and professional training.

In line with its strategy to reinforce its 4PL solutions and services, the Group has invested in strengthening its nationwide network in China. With the expansion to approximately 200 distribution services stations in its cross-province logistics network, customers are presented with more comprehensive delivery channels and networks. As its logistics network keeps expanding and logistics activities through it increases, returns for the Group is also expected to grow significantly.

## *Supply Chain and Logistics Consultancy Services and Solutions*

Capitalizing on its extensive knowledge in the logistics industry and solid experience in supply chain and logistics consultancy services, the Group is offering turnkey supply chain and logistics consultancy services spanning the total customer spectrum. From high-end to low-end levels, and ranging from supply chain management and logistics consulting services to door-to-door integrated logistics services, the Group's services cater for the diversified needs of customers.

During the year under review, the Group has obtained several major projects from the Hong Kong Housing Authority, Tianjin Zhongxin Pharmaceutical Group Corporation Ltd. ("Zhongxin Pharmaceutical"), and EXEL Singapore Pte. Ltd ("EXEL"), a worldwide logistics service company. The first phase of the Zhongxin Pharmaceutical project, covering the provision of supply chain consultancy and implementation of Enterprise Resources Planning (ERP) solutions for its internal work processes, was completed in October 2002. The first phase of the project for EXEL, involving the provision of logistics consulting and implementation of solutions for internal work processes was also completed in November 2002. The Group also commenced its work on the next phase of the two projects in early 2003.

To ensure that customers will enjoy safe, economical and reliable logistics services, the Group is committed to providing best-fit solutions using advanced logistics technologies. Adding to its technology model which combined electronic logistics and mobile commerce, the Group has invested in research and development on a new logistics information application and service system that integrates a range of advanced technologies. This system pools together capabilities of top-notch Global Positioning Systems (GPS), Geographic Information Systems (GIS) and mobile technologies, which could provide real-time information enquiries, ordering services and vehicle position monitoring to customers in the near future.

### ***Strategic Investments***

During the review year, sharing the view that there will be strong and growing demand for IT services, as a result of the urgent need among China's enterprises for computerization to enhance management efficiency and competitiveness, the Company attracted Legend Group Limited ("Legend") as a strategic shareholder, to jointly develop IT management consulting business in China with its subsidiary, Han International Consulting Company Limited ("Han"). Upon completion of the subscription of 51% equity interest in Han by Legend in May 2002, Han became an associated company of the Company. Capitalizing on Legend's leading position in the IT market and its strong customer network and Han's capability in providing professional consultancy services in management model reforms and re-engineering of business processes, plus the Company's own expertise, the Group is confident that its iConsulting business will grow at increasing momentum. This strategic cooperation will enable the Group to establish its leading position in the IT management consulting business, creating a "triple-win" situation for all.

In April 2002, the Group increased its shareholding interest in NWCB to approximately 27.5%, allowing it to benefit from NWCB's well-established IT and software business and boost the development and implementation of IT and software products and services in these areas. As a result, the Group's supply chain management and logistics solutions as well as its IT and software solutions and services were considerably enhanced, complementing its product offerings to customers.

## ***Joint Venture***

The Group and ZenSar Technologies Limited, a leading software solutions provider from India with global operations, have joined hands to form HanZen Technologies Consulting (Zhuhai) Limited (“HanZen”), the first Sino-Indian consulting and technology joint venture. Headquartered in Zhuhai, HanZen opened its first offshore software development center in China which commenced business in Zhuhai’s South Software Park in October 2002.

To meet the emerging need for local and offshore IT development and support in China after its accession to WTO, the offshore software development center provides Software Engineering Institute’s Capability Maturity Model (SEI-CMM) Level 5 credentials quality consultancy services including training courses, professional consultation, CMM assessment, etc. to software corporations. It also offers international standards software development and support services, covering full life cycle application software development, conversions, migrations, re-engineering, on-site and offshore application software maintenance, product development and customization, specialized services, etc., to both local and global customers in China. Committed to raising the standards of the software industry in China, the center is going to organize training and seminars for local software corporations, enabling them to understand the importance and the need to achieve the Software Engineering Institute’s Capability Maturity Model (SEI-CMM) Level 5 standard.

## ***Research and Development***

The XiAn Research and Development Centre delivered satisfying results this year. The center has developed and launched several solutions such as Custom Declaration Express and Point of Sales (POS) solution, which is adopted in the EXEL project and Zhongxin pharmaceutical supermarket project respectively. XiAn Research and Development Centre is now developing Distribution Dispatch Solution, which allows customers to place orders and transmit the distribution information.

In addition to the XiAn Research and Development Center, the Group also established 北方交大亞洲物流研究中心 with 北方交通大學現代物流研究所 to further strengthen its research capabilities. The center specializes in scientific research in the logistics industry, planning and design, engineering consulting, personnel and business training.

## **Prospects**

With the full support policy and direction of the Chinese government, tremendous potential has opened up in the logistics market in the mainland. With its strengthened capabilities in research and development and enhanced solutions and services, the Group will continue to focus its efforts on the development of 4PL business.

## ***Provision of Solutions and Services for Regional Logistics***

As a leading 4PL solutions and services provider, the Group is committed to raising its competitive edge in the logistics market. With a greater focus on regional logistics projects, the Group will continue to enhance its core solutions and services as well as its value-added services to customers.

In December 2002, the Group has co-operated with Haikou Harbour Group Co. (“Haikou Harbour Group”) in Hainan Province, with the aim of upgrading the operation capabilities of Haikou Harbour. With extensive experience in advanced international logistics management, the Group will assist Haikou Harbour Group in providing total logistics services. Haikou Harbour will also see the establishment of a total multi-channel united transportation logistics

network, boosting its role as a centralized transfer point. Furthermore, The powerful logistics network will allow the unification of existing service scope and price, thus offering strong benefits to consigners and forwarding parties. Through this long-term cooperation, stable revenues are expected for the Group.

One of the Group's first regional logistics projects, the "Freshness Highway"(新鮮通途) campaign, was launched in cooperation with the Hainan provincial government. Introducing high-end logistics technology to the agricultural industry in Hainan, the joint campaign aims to enhance Hainan Province's brand name and the competitiveness of its quality agricultural products in the market, while also to accelerate the logistics activities of the province's agricultural products. The Group, with its around 200 nationwide distribution services stations, advanced logistics technologies as well as the logistics information platform, assists agricultural companies to deliver the fresh fruit and vegetables to customers. Through the successful rollout of this project, the Group expects to reinforce its professional position in the high-end logistics industry, thereby attracting more agricultural enterprises cross the country to use its advanced and precise cold storage logistics solutions and value-added logistics services. The anticipated achievement of the dual effects of Agricultural Branding + Logistics Transportation Branding will create a win-win situation that will benefit both agricultural companies and the Group.

### ***Supply Chain and Logistics Consultancy Services and Solutions***

Following the completion of the first phase of the projects for Zhongxin Pharmaceutical and EXEL, the Group has commenced work on the next phase of the two projects. The second and third phases of the Zhongxin Pharmaceutical project cover the development and implementation of a logistics management and distribution systems, which will ensure the efficient and timely distribution of services for customers. In the second phase of the EXEL project, the Group, modifying its logistics solution, Custom Declaration Express, will develop a custom-built manufacturing logistics solution based on an offshore development model to help the client integrate all its processes from the procurement of raw materials to customs declarations and product clearance.

Additionally, the Group signed a letter of intent with 南海敦豪有限公司, a logistics company in China, in February 2003. Offering to the customer its wide array of total solutions and services, ranging from professional consultancy to implementation of its high-end logistics solutions and technologies, the Group aims to help the customer raise its management standards and value-added logistics services. The customer will have what it takes for it to achieve its ultimate goal to establish a logistics park, which will provide comprehensive logistics services to its customers.

Recognizing the emerging business opportunities resulting from the supportive government policies, the Group is also going to establish a foothold in the Whampao, Guangzhou Free Trade Zone with the offering of bonded warehousing and transportation logistics services, becoming the first Hong Kong listed company providing such services there. With the offer of comprehensive warehousing services supported by computerized management systems and customs declaration system, the Group hopes to eventually be able to introduce its full range of advanced total solutions and services to local and international corporations in the Guangzhou Free Trade Zone. These services will help customers enhance their overall operating efficiency and management as well as cost effectiveness.

To promote and drive the development of the logistics industry in China, as well as to enhance our logistics professionalism in China, the Group has lined up with professors and elite from several famous universities and leading logistics corporations in both China and Hong Kong to organize logistics management training courses. The courses covering such topics as supply chain and logistics management, modern warehousing and distribution management, legislations, logistics parks, process re-engineering, e-business, etc. are tailored for practitioners in the logistics industry and persons who are interested to start career in the industry.

The Group is confident that leveraging its comprehensive logistics capabilities supported by high-end technology and information technology and its extensive international market experience, it has established a strong competitive edge in the market. The Group will continue to enhance its solutions and services through investment and collaboration to enable it to stay ahead of the competition in the industry and to accelerate its business growth, to become a leading one-stop supply chain and logistics solutions and services provider in the Greater China region.

### **Employees**

As at 31 December 2002, the Group had over 280 employees. Apart from salaries, the Group also provides training and other fringe benefits to employees, which include provident funds, medical insurance and share options. The remuneration policy and packages of the Group's employees are reviewed on a regular basis.

### **FINAL DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2002 (2001: Nil).

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 22 May 2003 to Wednesday, 28 May 2003, both dates inclusive, during which period no transfer of shares will be effected.

In order to determine the entitlement to attend and vote at the forthcoming annual general meeting, all share transfers accompanied by the relevant share certificates, must be lodged with the branch share registrars of the Company in Hong Kong, Abacus Share Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 21 May 2003.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

**PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE**

A detailed results announcement containing all the information in respect of the Company required by paragraph 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the website of the Stock Exchange in due course.

By Order of the Board  
**Lo Lin Shing, Simon**  
*Chairman*

Hong Kong, 24 April 2003

\* *For identification only*

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Asia Logistics Technologies Limited (the “Company”) will be held at Room Annapurna, Pacific Place Conference Centre, 5th Floor, One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 28 May 2003 at 3:30 p.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 31 December 2002.
2. To re-elect directors and to authorise the board of directors to fix their remuneration.
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
4. As special business, to consider and if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

(A) **“THAT:**

- (a) subject to paragraph (b) 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 shares of the Company subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the share capital of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of :
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of the Cayman Islands or the Articles of Association of the Company to be held; or
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(B) **“THAT:**

- (a) subject to paragraph (c) 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 of the Company and to make or grant offers, agreements or options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements or options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of 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 paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) any issue of shares of the Company under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or other eligible participants of shares or rights to subscribe for shares of the Company; (iii) any issue of shares of the Company as scrip dividend or any similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend pursuant to the Articles of Association of the Company from time to time; or (iv) any issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of the Cayman Islands or the Articles of Association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company open for a period fixed by the directors of the Company to the holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at the date,

subject to such exclusions 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.”

- (C) “**THAT** conditional upon the passing of ordinary resolutions numbered 4(A) and 4(B) set out in the notice convening this meeting (the “Notice”), the general mandate granted to the directors of the Company pursuant to ordinary resolution numbered 4(B) set out in the Notice be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 4(A) set out in the Notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.”

By Order of the Board  
**Tsang Yuet Kwai**  
*Company Secretary*

Hong Kong, 24 April 2003

*Notes:*

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting.
2. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power or authority must be deposited at the branch share registrars of the Company in Hong Kong, Abacus Share Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Thursday, 22 May 2003 to Wednesday, 28 May 2003, both dates inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting, all share transfers accompanied by the relevant share certificates must be lodged with the branch share registrars of the Company in Hong Kong, Abacus Share Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 21 May 2003.

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