

# SHANGHAI MING YUAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2003

The Board of Directors (the “Directors”) of Shanghai Ming Yuan Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2003, together with the comparative figures for year 2002 as follows:

	<i>Notes</i>	<b>2003</b> <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Turnover	3	<b>456,048</b>	538,949
Cost of sales		<b>(403,112)</b>	(332,588)
Gross profit		<b>52,936</b>	206,361
Other operating income		<b>14,815</b>	2,860
Restructuring and relaunch costs		–	(3,935)
Selling and distribution expenses		<b>(1,642)</b>	(77,383)
Administrative expenses		<b>(22,405)</b>	(134,868)
Other operating expenses		<b>(2,598)</b>	(5,133)
Profit (loss) from operations before disposal of subsidiaries	4	<b>41,106</b>	(12,098)
Profit on disposal of subsidiaries		–	146,889
Profit (loss) from operations after disposal of subsidiaries		<b>41,106</b>	134,791
Finance costs	5	<b>(1,812)</b>	(952)
Allowance for amounts due from jointly controlled entities		–	(5,378)
Share of results of:			
Jointly controlled entities		–	3,779
Associates		–	(632)
Profit before taxation		<b>39,294</b>	131,608
Taxation	6	<b>(3,546)</b>	(12,719)
Profit before minority interests		<b>35,748</b>	118,889
Minority interests		<b>(2,055)</b>	–
Net profit for the year		<b>33,693</b>	118,889
Earnings per share ( <i>cents</i> )	7		
Basic		<b>1.41</b>	5.67
Diluted		<b>N/A</b>	N/A

**1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Society of Accountants (“HKSA”), the terms of HKFRS is inclusive of Statements of Standard Accounting Practice (“SSAPs”) and Interpretations approved by the HKSA:

SSAP 12 (Revised)	Income Taxes
SSAP 35	Accounting for Government Grant

The adoption of these standards had had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2002**

Following their appointment on 30th August, 2002, the Directors found that all of the Group’s accounting records and supporting vouchers for the period from 1st January, 2002 to 22nd August, 2002, the date prior to the change of substantial shareholders of the Company on 23rd August, 2002, were missing. Accordingly, the financial statements of the Company and of the Group, including the notes disclosures for the year ended 31st December, 2002 have been prepared (i) on the basis of the amounts set out in the published unaudited interim report for the six months ended 30th June, 2002 issued by the Company on 27th September, 2002, (ii) with reference to the net assets as shown in an unaudited statement of net assets of the Group as at 22nd August, 2002 prepared by the former management after the distribution of shares in Sing Tao Media Holdings Limited as dividend in specie, and (iii) on the basis of transactions entered into by the Group since 23rd August, 2002.

Against this background, the Directors believe that the consolidated income statement figures for the year ended 31st December, 2002, the consolidated statement of changes in equity and the consolidated cash flow statement are not complete because these statements do not include information relating to the Group’s transactions for part of the year as explained above. Accordingly, the Directors do not consider that the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement and any notes disclosure relating to the period prior to 23rd August, 2002, are free from material misstatement.

The Directors are satisfied however, that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2002.

**3. SEGMENTAL INFORMATION**

**Business segments**

For management purposes, the Group is organised into the following three major operating divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal operating division are as follows:

- Protein chips operation – Operation of manufacturing and trading of protein chips and related equipments
- Computer products trading operation – Trading of computer products and related accessories
- Property investment – Leasing of properties, properties holding and property trading

An analysis of the Group's turnover and contribution to operating results is as follows:

	<b>Protein chips operation HK\$'000</b>	<b>Computer products trading operation HK\$'000</b>	<b>Property investment HK\$'000</b>	<b>Corporate and others HK\$'000</b>	<b>Elimination HK\$'000</b>	<b>Consolidation HK\$'000</b>
<b>For the year ended 31st December, 2003</b>						
<b>TURNOVER</b>						
External sales	33,032	412,382	10,634	-	-	456,048
Inter-segment sales	-	-	-	-	-	-
Total revenue	<u>33,032</u>	<u>412,382</u>	<u>10,634</u>	<u>-</u>	<u>-</u>	<u>456,048</u>
<b>RESULTS</b>						
Segment results	<u>28,209</u>	<u>13,330</u>	<u>3,339</u>	<u>(6,618)</u>	<u>-</u>	38,260
Interest income						<u>2,846</u>
Profit from operations						41,106
Finance costs						<u>(1,812)</u>
Profit before taxation						39,294
Taxation						<u>(3,546)</u>
Profit before minority interests						35,748
Minority interests						<u>(2,055)</u>
Net profit for the year						<u>33,693</u>

	Discontinuing operations (Note a)		Continuing operations		Eliminations HK\$'000	Consolidated HK\$'000
	Newspaper Publishing HK\$'000	Commercial printing HK\$'000	Corporate and others HK\$'000 (Note b)	Property investment HK\$'000		
For the year ended 31st December, 2002						
<b>REVENUE</b>						
External sales	407,965	101,177	29,683	124	–	538,949
Inter-segment sales	5,048	2,422	3,158	–	(10,628)	–
Total revenue	<u>413,013</u>	<u>103,599</u>	<u>32,841</u>	<u>124</u>	<u>(10,628)</u>	<u>538,949</u>
<b>RESULTS</b>						
Segment results	<u>1,627</u>	<u>5,356</u>	<u>(17,245)</u>	<u>(155)</u>	<u>–</u>	<u>(10,417)</u>
Interest and dividend income						2,254
Restructuring and relaunch costs						<u>(3,935)</u>
Loss from operations						(12,098)
Profit from disposal of subsidiaries						146,889
Finance costs						(952)
Allowance for amounts due from jointly controlled entities						(5,378)
Share of results of:						
jointly controlled entities	3,779	–	–	–		3,779
associates	–	–	(632)	–		<u>(632)</u>
Profit before taxation						131,608
Taxation						<u>(12,719)</u>
Profit before minority interests						118,889
Minority interests						<u>–</u>
Net profit for the year						<u>118,889</u>

*Notes:*

- (a) As explained in note 2, the Directors do not have accounting records and supporting vouchers prior to 23rd August, 2002 and accordingly, an analysis of depreciation on property, plant and equipment by business segments, and the turnover, segment results, the carrying amount of assets and liabilities and cash flows information of the discontinuing operations at the date of discontinuance are not presented.
- (b) The Directors consider that the business segment of securities investment is no longer considered to be of continuing significance. The related segment information has been grouped under corporate and others segment in the current year.

## Geographical segments

The following table provides an analysis of the Group's turnover by geographical markets, irrespective of the origin of the goods and services:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Hong Kong	314,963	300,359
Canada	4,164	23
The People's Republic of China (the "PRC")	136,921	–
North America	–	181,359
Australia & New Zealand	–	17,699
Europe	–	39,509
	<u>456,048</u>	<u>538,949</u>

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and intangible assets analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital and intangible assets additions	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Hong Kong	113,300	89,169	463	1,633
Canada	7,208	12,469	–	–
PRC	298,996	2,095	174,060	–
	<u>419,504</u>	<u>103,733</u>	<u>174,523</u>	<u>1,633</u>

## 4. PROFIT (LOSS) FROM OPERATIONS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
<i>Profit (loss) from operations has been arrived at after charging:</i>		
Depreciation	3,605	18,438
Staff costs		
– directors' remuneration	–	118
– other staff costs	5,929	216,110
– retirement benefits scheme contributions, excluding directors	68	23
Total staff costs	<u>5,997</u>	<u>216,251</u>
Auditors' remuneration	800	400
Amortisation of goodwill included in other operating expenses	2,287	875
Allowance for bad and doubtful debts	1,960	–
Amortisation of technological know-how included in other operating expenses	311	–
Research and development expenses	902	–
<i>and after crediting:</i>		
Gain on disposal of property, plant and equipment	–	2,322
Net rental income in respect of premises after outgoings of approximately HK\$1,589,000 (2002: HK\$43,000)	6,450	81
Release of negative goodwill included in administrative expenses	86	–

## 5. FINANCE COSTS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	1,812	946
Interest on margin loan payable	–	6
	<u>1,812</u>	<u>952</u>

## 6. TAXATION

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
<i>The (charge) credit comprises:</i>		
Hong Kong Profits Tax	(1,349)	(519)
Taxation charge in other jurisdictions	(2,197)	(9,144)
	<u>(3,546)</u>	<u>(9,663)</u>
Deferred taxation credit	–	10
	<u>(3,546)</u>	<u>(9,653)</u>
Taxation attributable to the Company and its subsidiaries	(3,546)	(9,653)
Share of taxation attributable to jointly controlled entities	–	(3,066)
	<u>(3,546)</u>	<u>(12,719)</u>

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profits for the year. Hong Kong Profits Tax rate was changed from 16% to 17.5% with effect from 2003/04 year of assessment.

Taxation arising in other jurisdictions is calculated at the rates of tax prevailing in the relevant jurisdictions. Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Company are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit for the year of HK\$33,693,000 (2002: HK\$118,889,000) and weighted average of 2,382,931,846 (2002: weighted average number of 2,098,096,230 after the adjustment of share subdivision of the Company on 2nd April, 2003) ordinary shares in issue during the year.

No diluted earnings per share for the year ended 31st December, 2003 are calculated as there were no dilutive ordinary shares in issue during the year.

No diluted earnings per share for the year ended 31st December, 2002 are disclosed because, as explained in note 2, in the absence of complete records in respect of outstanding share options before 23rd August, 2002, the Directors have been unable to calculate the effect of dilutive potential ordinary shares.

## 8. CONTINGENT LIABILITIES

### THE GROUP

During the year, investment properties with carrying value of HK\$102,000,000 were pledged to banks to secure the banking facilities granted to a third party. As at 31st December, 2003, the amount of facilities utilised by the third party amounted to approximately HK\$59,000,000.

As at 31st December, 2002, the Group did not have any significant contingent liabilities.

### THE COMPANY

As at 31st December, 2003, the Company issued a corporate guarantee to a bank in respect of general banking facilities granted to a subsidiary. The extent of such facility utilised by the subsidiary at 31st December, 2003 amounted to approximately HK\$3,629,000.

As at 31st December, 2002, the Company did not have any significant contingent liabilities.

## 9. PLEDGE OF ASSETS

At the balance sheet date, following assets were pledged to secure general banking and credit facilities granted to the Group:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Investment properties	107,800	–
Land and buildings	12,653	–
Investments in securities	–	5,408
	<u>120,453</u>	<u>5,408</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Protein Chips Operation*

2003 has been a critical year for the Group. The most significant event was the acquisition of HD Global Limited (“HD Global”) in July 2003. HD Global owns 95% interest in Huzhou HealthDigit Co., Ltd. (“HealthDigit”) which has a broad capability in human protein discovery. HealthDigit developed and sells Protein Chip System for Multi-tumor Marker Detection (“C12 Products”) and the relevant inspection equipment for the diagnosis of cancer at early stage.

C12 Products, the flagship product range of HealthDigit, are capable of detecting up to twelve tumor markers at the same time and assists with the medical diagnosis of ten prevalent cancers namely liver cancer, breast cancer, penile cancer, esophageal cancer, colon anal cancer, lung cancer, ovarian cancer, pancreatic cancer and endometrial tumor at an early stage, increasing the success rate for inspection and recovery to over 80%. The product has been awarded a new medicine certificate and approval for manufacturing. Commercial production commenced in December 2001 and the product was officially launched in the market in 2002. Currently there is no identical substitute available in the market and this puts the Company in a favorable position to enjoy first mover advantages in this already enormous and growing market.

In 2003, the Group has already entered into long-term collaboration agreements with the key insurance corporations including Taiping Life Insurance and China Life CMG in the PRC to include the C12 Products in the standard health check program. These collaborations enable the Group to have immediate and direct access to the existing mass insurance clientele.

Being the first biotechnology enterprise in the PRC dedicated in the research and the development of proteomic products for the clinical assistance of medical consultation and inspection, the Group has benefited from the growing demand for proteomic related diagnostic in the PRC. After the SARS outbreak in the first half of the year, the general public has recognized the importance of diagnostic products to detect diseases. The Group believes that this trend will continue as the advantages and application of proteomic diagnostic tools are getting better understanding and acceptance by medical professionals as well as the community at large.

#### *Property Investment*

In February 2003, the Group acquired the entire issued share capital of Fieldcrown Investments Limited which holds the entire equity interest in level 2 and level 3, East Phase, New Century Plaza, 48 Xing Yi Lu, Chang Ning Qu, Shanghai, PRC. In addition, the Group acquired the entire issued share capital of Giant Power International Limited which indirectly holds the entire equity interests in Shanghai Heng King International Commercial Tower located at 40, Jiang Su Lu, Chang Ning Qu, Shanghai, PRC in May 2003. These properties are grade A offices located in the prime commercial center in the Shanghai, PRC.

### *Computer Products Trading*

The Group commenced its computer products trading business in Hong Kong and the PRC in July 2003. The Group acquired 51% equity interest of 上海龍祥電腦有限公司, a company engaged in the distribution of computer chips and accessories in the Shanghai region in June, 2003.

### *Publishing Operations*

The publishing operations was disposed by the Group by way of a distribution in specie of its entire shareholding in Sing Tao Media Holdings Limited (“STM”) to the shareholders of the Company in the proportion of one STM share for every share in the Company held by the shareholders on 21st August, 2002. The publishing operations was regarded as discontinuing operations in 2002.

### *Commercial Printing Operations*

The Group disposed of the commercial printing operations on 19th April, 2002. The commercial printing operations was regarded as discontinuing operations in 2002.

## **Financial Performance**

The consolidated turnover of the Group amounted to HK\$456.0 million (2002: HK\$538.9 million) for the year under review, representing a decrease of approximately 15.38% over that of last year. The decline in turnover was mainly attributable to the disposal of the Group’s commercial printing operations on 19th April, 2002 and publishing operations on 21st August, 2002.

The net profit attributable to shareholders was HK\$33.7 million (2002: HK\$118.9 million), representing a decrease of approximately 71.66% over that of last year. Earnings per share was HK\$1.41 cents (2002: HK\$5.67 cents), representing a decrease of approximately 75.13%. The decline in net profit attributable to shareholders was mainly attributable to the profit on disposal of subsidiaries in year 2002.

### *Protein Chips Operation*

The Group started its medical diagnostic products and services business in the PRC in July 2003. Turnover contributed by the official launch and the successful sales of C12 Products amounted to HK\$33.0 million (2002: Nil), representing approximately 7.24% of the total turnover of the Group.

### *Property Investment*

Turnover contributed by the property investment business amounted to HK\$10.6 million, (2002: HK\$124,000). The significant growth was mainly contributed by the increase in the rental revenue generated from the newly acquired high-yield commercial properties in Shanghai. These properties are grade A offices located in the prime commercial center in Shanghai, PRC.

### *Computer Products Trading*

The Group started its computer products trading business in Hong Kong and the PRC in July 2003. Turnover contributed by the computer products trading business amounted to HK\$412.4 million (2002: Nil).



## **PROSPECTS**

The outlook for the Group for 2004 is extremely promising. There is no doubt that the PRC represents one of the largest and rapidly growing markets for our medical diagnostic products and services. With management insight in the medical diagnostic and detection market potential, the technology know-how in proteomic discovery, and the successful and encouraging results in 2003, the Group decided to concentrate its resources in the medical diagnostic products and services.

Management is committed to achieve the following key milestones and to deliver solid financial results to our shareholders in 2004.

1. expand production capacity for our proteomic products in the PRC;
2. commence mass production of various proteomic chips and diagnostic systems;
3. build and strengthen the distribution channels and after-sales support services;
4. commit more resources in marketing campaigns and other marketing activities to promote the products and service;
5. continue with new research, discovery and product innovations; and
6. enter the international marketplace through applying international patent rights for the technology, building an international distribution network or through cooperation with potential overseas partners for joint production activities.

The management is confident to further expand its protein chips operations in 2004. Our near-term growth drive is the increasing sales of our proteomic products by including the products into standard health check programs. Our medium-term growth drives are to develop several proteomic related projects that could further contribute significantly to our growth. We expect the Group will achieve impressive and steady results through the launching of these reliable and technologically advanced medical diagnostic products and services in the long term. The Group is optimistic that by the continual implementation of business plans and strategies adopted in the year, the Group will be able to capitalize on its competitive edge and establish the Group as one of the leading biotechnology and medical diagnostic service providers dedicated in research and development, production as well as distribution in the PRC.

## **DIVIDEND**

The directors do not recommend the payment of dividend for the year ended 31st December, 2003. (2002: distribution by the Company of a dividend in specie to its shareholders of its entire shareholdings in Sing Tao Media Holdings Limited was completed on 21st August, 2002. Apart from the dividend in specie, no further dividend was paid to shareholders during the year of 2002.)

## PLEDGE OF ASSETS

At the balance sheet date, following assets were pledged to secure general banking and credit facilities granted to the Group:

	<b>2003</b>	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties	<b>107,800</b>	–
Land and buildings	<b>12,653</b>	–
Investments in securities	–	5,408
	<u><b>120,453</b></u>	<u>5,408</u>

## LIQUIDITY AND FINANCING

The Group adopts a prudent approach in managing its liquidity and treasury function and sets out guidelines to achieve these objectives. These guidelines cover the Group's debt profile, financing horizon and interest rate risks management.

At 31st December, 2003 the Group had cash and bank balances of HK\$28.0 million (2002: HK\$41.6 million). The Group's gearing ratio as at 31st December, 2003 was 0.221 (2002: 0.003), based on bank and other borrowings of HK\$64.4 million (2002: HK\$308,000) and shareholders' fund of HK\$291.6 million (2002: HK\$102.3 million)

The Group's bank borrowings were denominated in Hong Kong Dollars and Renminbi. Bank borrowings totaling HK\$64.4 million were outstanding as at 31st December, 2003. Annual interest rates of the borrowings denominated in Hong Kong Dollars and Renminbi as at 31st December, 2003 were approximately 2.25% and 5.76% respectively.

Revenue generated from medical diagnostic products and services business, rental income generated from investment properties in the PRC, and the payment for purchases of materials, components, equipment and salaries are made in Renminbi. Use of financial instruments for hedging purposes is considered unnecessary and the exposure to exchange rate fluctuation is minimal.

## PROFIT GUARANTEE

On 12th May, 2003, the Group entered into a sale and purchase agreement (the "Agreement") with various parties (the "Vendors and Guarantors") in relation to the acquisition of the entire issued share capital of HD Global at a consideration of HK\$45,000,000 to be satisfied by the issue and allotment by the Company of 225,000,000 new ordinary shares at an issue price of HK\$0.20 each.

Under the Agreement, the Vendors and Guarantors had guaranteed that the audited consolidated net profit after tax of HD Global prepared in accordance with Generally Accepted Accounting Principles in Hong Kong (the "Audited Consolidated Net Profit") for the year ended 31st December, 2003 will not be less than HK\$30,000,000. The Audited Consolidated Net Profit was HK\$19,732,000 and this gives rise to a shortfall of HK\$10,268,000. The Company has demanded the Vendors and Guarantors to settle the shortfall to the Group in accordance with the terms of the Agreement.

## **CONTINGENT LIABILITIES**

### **THE GROUP**

During the year, investment properties with carrying value of HK\$102,000,000 were pledged to banks to secure the banking facilities granted to a third party. As at 31st December, 2003, the amount of facilities utilised by the third party amounted to approximately HK\$59,000,000.

As at 31st December, 2002, the Group did not have any significant contingent liabilities.

### **THE COMPANY**

As at 31st December, 2003, the Company issued a corporate guarantee to a bank in respect of general banking facilities granted to a subsidiary. The extent of such facility utilised by the subsidiary at 31st December, 2003 amounted to approximately HK\$3,629,000.

As at 31st December, 2002, the Company did not have any significant contingent liabilities.

### **EMPLOYEES**

At 31st December, 2003, the Group had a total of 244 employees (2002: 13 employees) in Hong Kong and the PRC. The substantial increase in the number of employees of the Group was due to the completion of various acquisitions during the year. Employee's remuneration, promotion and salary review are assessed based on job responsibilities, work performance, experience and prevailing industry practice.

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

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries had purchased or sold the shares in the Company during the year.

## **CORPORATE GOVERNANCE**

### **Code of Best practice**

In the opinion of the directors, the Company had complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules throughout the year except that described under the heading "Non-executive Directors" below.

### **Non-executive Directors**

During the year, the non-executive directors have not been appointed for a specific term and they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

Bye-law 109 of the Bye-laws of the Company provides that at each general meeting of the Company, with the exception of the executive chairman, one-third of the directors of the Company (or if their number is not three or a multiple of three, the then number nearest to but not exceeding one-third) who have been longest in office since their last election shall retire from office and the retiring directors shall be eligible for re-election.

Based on the number of directors as at 31st December, 2003, a non-executive director will serve on the board for a term of about two years until he/she becomes due to retire from the board by rotation. In the opinion of the directors, this arrangement meets the same objective as the Code of Best Practice.

## **AUDIT COMMITTEE**

The audit committee meets regularly to review the completeness, accuracy and fairness of the Company's financial statement. They consider the nature and scope of internal and external audit reviews. They also assess the effectiveness of the systems of internal control the Company has established to allow the board of directors to monitor the Group's overall financial position and to protect its assets.

## **PUBLICATION OF RESULT ON THE STOCK EXCHANGE**

All information required by paragraphs 45 (1) – 45(3) inclusive of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

On behalf of the Board  
**Chien Hoe Yong, Henry**  
*Executive Director*

31st March, 2003

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of the Members of Shanghai Ming Yuan Holdings Limited (the “Company”) will be held at The Ritz-Carlton Chater Room II & III, The Function Room Level, The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on Monday, 31st May, 2004 at 2:30 p.m. to transact the following business:

### **As Ordinary Business**

- (1) To receive and consider the audited Financial Statements and Reports of the Directors and the Auditors of the Company for the year ended 31st December, 2003.
- (2) To elect Directors.
- (3) To reappoint Messrs. Deloitte Touche Tohmatsu as Auditors of the Company for the ensuring year and authorize the Directors to fix their remuneration.

By the Order of the Board  
**Kenny Poon Kwong Wai**  
*Company Secretary*

Hong Kong, 31st March, 2004

#### *Notes:*

- (1) A member entitled to attend and vote at the Annual general Meeting convened by the above notice (“Annual General Meeting”) is entitled to appoint another person as his proxy to attend and, on a poll, vote instead of him. A member may appoint a proxy in respect of part only of his holding of shares. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the meeting is enclosed.
- (3) To be valid, the form of proxy and the power or other authority, if any, under which is signed or a notarially certified copy of that power or authority must be deposited with the Company Secretary at Room 1801-03, Hutchison House, 10 Harcourt Road, Central, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjourned meeting. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting should he wish to do so, but the authority of the proxy will become invalid forthwith.
- (4) The principal Register and Hong Kong Branch Register of Members of the Company will be closed from Thursday, 27th May, 2004 to Friday, 28th May, 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the attendance of the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrars in Hong Kong, Central Registration Hong Kong Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 25th May, 2004.
- (5) With respect to Resolution no. 2 above, Mr. Hu Jun and Ms. Chiang Su Hui, Susie, will retire from office as director by rotation at the Annual General Meeting pursuant to Bye-law 109 of the Company’s Bye-laws and, being eligible, offer themselves for re-election.
- (6) With respect to Resolution no. 3 above, Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company for the past two financial years. Messrs. Deloitte Touche Tohmatsu will retire at the Annual General Meeting and, being eligible, offer themselves for re-appointment.

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