



祥泰行集團有限公司*

CHEUNG TAI HONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 199)

ANNOUNCEMENT RESULTS FOR THE YEAR ENDED 31ST MARCH, 2004

GROUP RESULTS

The board of directors of the Company (the “Board”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2004 as follows:

	Notes	2004 HK\$'000	2003 HK\$'000
Turnover	2	63,514	41,276
Cost of sales		(55,429)	(38,742)
Allowance for properties held for sale		(6,006)	—
Gross profit		2,079	2,534
Other operating income		7,267	7,359
Unrealised holding gain (loss) on other investments		1,640	(19,583)
Doubtful debts recovered (provided)		20	(6,556)
Distribution costs		—	(85)
Administrative expenses		(11,383)	(15,328)
Deficit arising on revaluation of investment properties		(8,800)	(1,500)
Loss on disposal of investments in securities		(13,059)	(542)
Impairment loss recognised in respect of properties under development		—	(25,421)
Loss from operations	4	(22,236)	(59,122)
Finance costs	5	(15,585)	(5,156)
Loss on disposal of discontinuing operations		—	(713)
Gain (loss) on disposal of subsidiaries		30	(341)
Loss before taxation		(37,791)	(65,332)
Taxation	6	—	—
Loss before minority interests		(37,791)	(65,332)
Minority interests		(8,179)	(13,776)
Loss for the year		(29,612)	(51,556)
Loss per share (basic)	7	(25 cents)	(45 cents)

Notes:

1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted, for the first time, the revised Statement of Standard Accounting Practice (“SSAP”) 12 “Income Taxes”, which is one of the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Society of Accountants (“HKSA”). The terms of HKFRS is inclusive of SSAPs and Interpretations approved by the HKSA. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred taxation. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred taxation is recognised in respect of all

* For identification only

temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of this revised SSAP has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

2. TURNOVER

Turnover represents the aggregate of the net amounts received and receivable from third parties and is summarised as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Sale of properties	47,276	21,825
Trading of motorcycles	15,864	11,562
Rental income	374	809
Trading of air conditioning equipment and provision of engineering related services	—	7,080
	<u>63,514</u>	<u>41,276</u>

The outgoings arising from rental income was negligible in both years.

3. SEGMENT INFORMATION

Business segments

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

Principal activities are as follows:

Property	—	property investment and development
Motorcycles	—	trading of motorcycles and spare parts

In August 2002, the business of trading of air conditioning equipment and provision of engineering related services was disposed of and discontinued.

Segment information about these businesses is presented below:

2004

	<u>Continuing operations</u>		<u>Unallocated</u> <i>HK\$'000</i>	<u>Consolidated</u> <i>HK\$'000</i>
	<u>Motorcycles</u> <i>HK\$'000</i>	<u>Property</u> <i>HK\$'000</i>		
INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004				
Turnover	15,864	47,650	—	<u>63,514</u>
Segment results	<u>664</u>	<u>(9,641)</u>	<u>—</u>	(8,977)
Unallocated corporate expenses				<u>(13,259)</u>
Loss from operations				(22,236)
Finance costs				(15,585)
Gain on disposal of subsidiaries	—	20	10	<u>30</u>
Loss before taxation				(37,791)
Taxation				<u>—</u>
Loss before minority interests				(37,791)
Minority interests				<u>(8,179)</u>
Loss for the year				<u>(29,612)</u>

2003

	Continuing operations		Discontinuing Operations	Consolidated HK\$'000
	Motorcycles HK\$'000	Property HK\$'000	Air Conditioning Equipment HK\$'000	
INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003				
Turnover	11,562	22,634	7,080	<u>41,276</u>
Segment results	<u>(225)</u>	<u>(32,097)</u>	<u>(5,368)</u>	(37,690)
Unallocated corporate expenses				<u>(21,432)</u>
Loss from operations				(59,122)
Finance costs				(5,156)
Loss on disposal of discontinuing operations	–	–	(713)	(713)
Loss on disposal of subsidiaries	–	(341)	–	<u>(341)</u>
Loss before taxation				(65,332)
Taxation				<u>–</u>
Loss before minority interests				(65,332)
Minority interests				<u>(13,776)</u>
Loss for the year				<u>(51,556)</u>

Geographical segments

The Group's operations are principally located in Hong Kong and the PRC. The Group's administrative function was carried out in Hong Kong and the PRC. In August 2002, the manufacturing function was disposed of and discontinued.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	Sales revenue by geographical market		Loss from operations	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Hong Kong	63,514	34,196	(11,131)	(31,913)
PRC	–	7,080	1,548	(5,338)
	<u>63,514</u>	<u>41,276</u>	<u>(9,583)</u>	<u>(37,251)</u>
Corporate expenses			<u>(12,653)</u>	<u>(21,871)</u>
Loss from operations			<u>(22,236)</u>	<u>(59,122)</u>

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

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Hong Kong	232,261	347,648	–	1,039
PRC	–	1,230	–	–
	232,261	348,878	–	1,039

4. LOSS FROM OPERATIONS

2004 HK\$'000	2003 HK\$'000
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Loss from operations has been arrived at after charging (crediting):

Auditors' remuneration:

– current year	653	404
– underprovision in the previous year	249	379

Depreciation and amortisation

902	783
183	288

Retirement benefits scheme contributions, net of forfeited contributions of HK\$77,000
(2003: HK\$83,000)

23	77
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Staff costs, including directors' remuneration

3,933	6,270
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Dividend income from unlisted investments in securities

3,956	6,347
–	(244)

Gain on disposal of property, plant and equipment

(1,053)	(16)
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Gain on disposal of investment securities

–	(197)
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Interest income

(5,720)	(6,099)
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5. FINANCE COSTS

2004 HK\$'000	2003 HK\$'000
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Interest on:

– bank and other borrowings wholly repayable within five years	15,105	9,849
– bank borrowings not wholly repayable within five years	–	98

Loan arrangement fees

480	–
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Less: Amount capitalised to properties under development

15,585	9,947
–	(4,791)

15,585	5,156
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6. TAXATION

No provision for Hong Kong Profits Tax has been made for the Group as the Company and its subsidiaries had no assessable profit for the year.

No deferred tax assets has been recognised in respect of tax losses and deductible temporary differences due to the unpredictability of future profit streams.

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2004	2003
Loss for the year	<u>HK\$29,612,000</u>	<u>HK\$51,556,000</u>
Weighted average number of shares for the purpose of basic loss per share	<u>118,228,175</u>	<u>113,341,081</u>

For the purpose of calculating basic loss per share, the weighted average number of shares for the year ended 31st March, 2003 had been adjusted to reflect the capital reorganisation in April, 2003.

No diluted loss per share has been presented because the exercise of the share options would result in a decrease of net loss per share.

DIVIDEND

The board does not recommend the payment of any dividend for the year (2003: Nil).

BUSINESS REVIEW

The Group's turnover for the year ended 31st March, 2004 was approximately HK\$63,514,000, representing a significant increase of 54% from that of last year. The improvement in turnover was mainly attributable to the increase in sales proceeds from the Group's property development project at Sheung Wan, namely Talon Tower. During the year, the Group recorded a net loss of approximately HK\$29,612,000. This represents a reduced loss of 43% from last year. The significant improvement in the Group's result was mainly due to the appreciation in value of the properties of the Group due to the recent recovery of the property market. The sales of motorcycles also made a satisfactory contribution to the Group.

Property Development

Talon Tower is a 26-storey commercial and residential building. With the recent recovery of the property market and the active sale and marketing effort, satisfactory sales was recorded in the first quarter of 2004. Nearly half of the units were sold now.

Sales of approximately HK\$47,276,000 were achieved during the year. The proceeds from the sales had been wholly used to repay its bank loan. Since the completion of construction, no finance cost had been capitalized. Excluding the allowance made for devaluation, property sales yielded an approximate gross profit of HK\$5,973,000.

To take advantage of the improved sentiment in the property market since late 2003, the Group acquired the remaining 40% interest in Talon Tower in December, 2003. The acquisition enables better efficiency in the sale team, there had been marked improvement in sale performance thereafter. The proceeds from sales helped to reduce the bank borrowing and thus improve the gearing position of the Group.

Trading of Motorcycles

The Group continues to be the distributor of Suzuki motorcycles in Hong Kong and Macau. The turnover for the year was approximately HK\$15,864,000 which showed an increase of 37% as compared with that of last year, as a result of the popularity of scooter in the region. The business made a contribution to the Group of approximately HK\$664,000 during the year.

FINANCIAL REVIEW

As at 31st March, 2004, the net asset value of the Group was HK\$130,176,000, which showed a decrease of 17% over that of last year. The drop was attributable to the net loss reported for the year. The Group maintained a bank balances and cash of approximately HK\$80,136,000, while bank and other borrowings had decreased from HK\$178,453,000 to HK\$94,444,000. These bank and other borrowings comprised mainly the project loans relating to Talon Tower, which amounted to HK\$86,771,000 at the year end date and were bearing interest with reference to Hong Kong interbank offer rate. In view of the low interest environment, the Group made no hedge against interest rate fluctuation. The gearing ratio of the Group (the ratio of total liabilities over total assets) was 43% (2003: 55%).

Most of the assets and liabilities of the Group were denominated in Hong Kong dollars, the Board considered the Group was not subject to any material exchange rate exposure.

On 15th April, 2003, the Group underwent a capital reorganisation (“Capital Reorganisation”) involving capital reduction, share sub-division, share consolidation and share premium cancellation that led to the nominal value of the shares of the Company being reduced to HK\$0.01 each.

REWARDS FOR EMPLOYEES

As at 31st March, 2004, the Group employed 10 persons in Hong Kong and 1 person in the PRC. The total personnel expenses amounted to approximately HK\$3,956,000 (2003: HK\$6,347,000). Employees are remunerated according to qualifications and experience, job nature and performance, as well as market conditions. The Group also provides other benefits such as medical and dental insurance cover and provident fund scheme to the employees. During the year, the Group issued 10,510,000 new shares to employees and consultants at HK\$0.207 per share pursuant to the 2002 Option Scheme, raising HK\$2,176,000. The proceeds were used as working capital. There was no share option granted to any director during the year.

PROSPECTS

Since late 2003, property buyers have been restoring confidence in the property market following the economic recovery in Hong Kong led by the Government’s active policies in the individual travel permit by PRC tourists and the CEPA. The Board is confident that the property development will bring better return to the Group. In addition, with the proceeds from sales of units in Talon Tower, the bank loans are further reduced. This creates strength to the Group for other investment opportunities.

In May, 2004, the Group acquired 100% interest in Tung Fong Hung Group (“TFH”). TFH is principally engaged in the manufacture and sale of “Tung Fong Hung” branded Chinese pharmaceutical and health products in Hong Kong, Mainland China, Taiwan, Canada, Macau and Singapore. It is also engaged in the production and distribution of western pharmaceutical products in Hong Kong. The Board perceives the investment will bring in favourable benefits to the Group as Tung Fong Hung will continue to grow with profitable returns in pace with the increase in health awareness of the public and the surge in the number of incoming PRC visitors.

AUDIT COMMITTEE

The audit committee comprises two independent non-executive directors. The audit committee had reviewed with management the accounting principles and practices adopted by the Group and the draft annual financial statements for the year ended 31st March, 2004.

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.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE’S WEBSITE

The financial and other information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on The Stock Exchange’s website in due course.

By Order of the Board
Tse Cho Tseung
Chairman

Hong Kong, 23rd July, 2004

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at G/F., GMP Centre, 12 Dai Fu Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on 31st August, 2004 at 10:30 a.m. for the following purposes:

As Ordinary Business:

1. To receive and approve the Reports of Directors and Auditors and the audited financial statements for the year ended 31st March, 2004.
2. To re-elect Directors and to authorise the Board of Directors to fix their remuneration for the ensuing year.
3. To re-appoint the Auditors and to authorise the Board of Directors to fix their remuneration.

As Special Business:

To consider and, if thought fit, pass with or without amendments, the following resolutions which will be proposed as ordinary resolutions:

4. **“THAT:**
 - (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or options, warrants or similar rights to subscribe for any shares and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes or other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debentures, notes or other securities which carry rights to subscribe for or are 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 pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities which carry rights to subscribe for or are convertible into shares of the Company; or (iii) the exercise of any option granted under any share option scheme or any similar arrangement for the time being adopted by the Company for the grant or issue to the eligible persons prescribed thereunder to subscribe for, or rights to acquire, shares in the Company; or (iv) an issue of shares of the Company by way of scrip dividend pursuant to the Bye-laws of the Company from time to time, shall not in aggregate exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
 - (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws 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 or issue of options, warrants or other securities giving the right to subscribe for shares of the Company open for a period fixed by the Directors made to the holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company or, where appropriate, such other securities (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws, the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution, and the said approval shall be limited accordingly;
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws 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.”

6. **“THAT** subject to the passing of Resolution Nos. 4 and 5 set out in the notice convening this meeting, the general mandate granted to the Directors to exercise all the powers of the Company to allot, issue and deal with additional securities pursuant to Resolution No. 4 set out in the notice convening this meeting 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 Resolution No. 5 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution.”

7. **“THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the listing of, the permission to deal in, the shares of HK\$0.01 each (the “Share”) in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the Refreshed Scheme Mandate Limit (as defined below), the refreshment of the limit in respect of the granting of share options under the share option scheme adopted by the Company on 26th August, 2002 (the “Scheme”), up to a new 10 per cent limit (the “Refreshed Scheme Mandate Limit”) be approved provided that (a) the total number of Shares which may be issued upon exercise of options to be granted under the Scheme on or after the date of the passing of this resolution (the “Refresher Date”), together with all options to be granted under any other share option scheme(s) of the Company on or after the Refresher Date, must not exceed 10 per cent of the number of Shares in issue as at the Refresher Date; and (b) options granted prior to the Refresher Date under the Scheme or any other share option scheme(s) of the Company (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Scheme or such other scheme(s) of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit and any Director be and is hereby authorised to do such act and execute such document to effect the Refreshed Scheme Mandate Limit.”

To consider and, if thought fit, pass with or without amendments, the following resolution which will be proposed as special resolution:

8. **“THAT** the following amendments to the existing Bye-laws of the Company be and are hereby approved:
- (a) By inserting the following new definition of “associate” in Bye-law 1:
““associate” the meaning attributed to it in the rules of the Designated Stock Exchange.”
 - (b) (i) By re-numbering existing Bye-law 76 as Bye-law 76(1);
(ii) By inserting the following as new Bye-law 76(2):
“(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”
 - (c) By deleting the words “special resolution” in the third line of the existing Bye-law 86(4) and replacing therewith the words “ordinary resolution”.
 - (d) By substituting the existing Bye-law 88 with the following new Bye-law 88:
“88. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”
 - (e) By substituting the existing Bye-law 103(1)-(3) with the following new Bye-law 103(1)-(3):
“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
 - (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
 - (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer of executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
 - (vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.
- (3) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.”
- (f) By deleting the words “fourteen (14) days” in the fourth line of the existing Bye-law 154(2) and replacing therewith the words “twenty-one (21) days”.

By Order of the Board
Cheung Yuk Ming
Company Secretary

Hong Kong, 23rd July, 2004

Principal office in Hong Kong:
G/F., GMP Centre
12 Dai Fu Street
Tai Po Industrial Estate
Tai Po, N.T.
Hong Kong

Notes:

- (1) A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and in the event of a poll, vote for him. A proxy need not be a member of the Company.
- (2) To be valid, a form of proxy, together with power of attorney or other authority (if any), must be deposited at the Company's principal office in Hong Kong at G/F., GMP Centre, 12 Dai Fu Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the meeting or at any adjourned meeting thereof.
- (3) In order to qualify for attending and voting at the annual general meeting to be held on 31st August, 2004, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 30th August, 2004 for registration.

As at the date of this announcement, the Board comprises of Mr. Tse Cho Tseung and Ms. Cheung Sze Man as executive directors and Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva as independent non-executive directors.

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