



VICTORY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

2001 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of Victory Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2001 as follows:

	<i>Note</i>	2001 HK\$'000	2000 HK\$'000
Turnover	1	16,418	27,954
Cost of sales		(15,404)	(25,338)
Gross profit		1,014	2,616
Other revenue	2	633	1,763
Selling and distribution costs		(600)	(1,206)
Administrative expenses		(7,800)	(8,990)
Other operating expenses		(1,106)	(27,560)
Loss from operating activities		(7,859)	(33,377)
Finance costs	3	(2,994)	(5,384)
Loss before taxation		(10,853)	(38,761)
Taxation	4	(4)	446
Net loss from ordinary activities attributable to shareholders		(10,857)	(38,315)
Dividend	5	–	–
Capital reduction	6	27,944	–
Accumulated losses at beginning of year	7	(70,637)	(32,322)
Accumulated losses at end of year	7	(53,550)	(70,637)
Loss per share (Basic)	8	(7.4 cents)	(31.2 cents)

Notes

1. TURNOVER AND SEGMENT INFORMATION

Turnover represents the invoiced value of inventories sold, net of discounts and returns, and rental income. The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are as follows:

(a) Business segments:

The group is comprised of the following main business segments:

Trading of motor vehicles – Purchase and sales of motor vehicles

	2001				
	Trading of Motor Vehicles HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Inter-segment elimination HK\$'000	Group HK\$'000
Segment revenue					
Revenue from external customer	15,677	741	–	–	16,418
Inter-segment revenue	–	720	–	(720)	–
Other revenue from external customers	158	77	–	–	235
Total	15,835	1,538	–	(720)	16,653
Segment result	(5,963)	(343)	(1,861)	–	(8,167)
Inter-segment transactions	720	(720)	–	–	–
Contribution from operations	(5,243)	(1,063)	(1,861)	–	(8,167)
Interest income					308
Interest expenses					(2,994)
Loss before taxation					(10,853)
Taxation					(4)
Loss attributable to shareholders					(10,857)
Segment assets	15,324	23,881	82,789	(94,801)	27,193
Cash and cash equivalents					(12,915)
Total assets					14,278
Segment liabilities	52,344	43,343	22,135	(94,801)	23,021
Bank loans and other liabilities					8,827
Tax liabilities					3,740
Total liabilities					35,588
Other information					
Depreciation and amortization for the year	(67)	(218)	–	–	(285)
Impairment loss for the year	–	(1,032)	–	–	(1,032)
Goodwill written off	–	–	–	–	–
Capital expenditure	2	–	–	–	2
	2000				
	Trading of Motor Vehicles HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Inter-segment elimination HK\$'000	Group HK\$'000
Segment revenue					
Revenue from external customer	26,734	1,220	–	–	27,954
Inter-segment revenue	–	720	–	(720)	–
Other revenue from external customers	244	2	155	–	401
Total revenue	26,978	1,942	155	(720)	28,355
Segment result	(5,217)	(5,156)	(23,663)	–	(34,036)
Inter-segment transactions	720	(720)	–	–	–
Contribution from operations	(4,497)	(5,876)	(23,663)	–	(34,036)
Interest income					659
Interest expenses					(5,384)

Loss before taxation					(38,761)
Taxation					<u>446</u>
Loss attributable to shareholders					<u><u>(38,315)</u></u>
Segment assets	33,286	25,128	71,806	(97,496)	32,724
Cash and cash equivalents					<u>(5,825)</u>
Total assets					<u><u>26,899</u></u>
Segment liabilities	47,318	44,554	22,723	(97,496)	17,099
Bank loans and other liabilities					19,344
Tax liabilities					<u>6,017</u>
Total liabilities					<u><u>42,460</u></u>
Other information					
Depreciation and amortization for the year	(132)	(271)	(212)	–	(615)
Impairment loss for the year	–	(6,180)	–	–	(6,180)
Goodwill written off	–	–	(21,000)	–	(21,000)
Capital expenditure	–	–	–	–	<u><u>–</u></u>

(b) Geographical segments:

The Group's operations are located in Hong Kong, the People's Republic of China. The Group's trading of motor vehicles is carried out in Hong Kong and PRC. Property investment is located in Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		PRC	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	15,492	24,468	926	3,486
Segment assets	13,151	24,287	1,127	2,612
Capital expenditure	2	–	–	–
Operating loss	(10,209)	(37,973)	(644)	(788)

2. OTHER REVENUE

	Group	
	2001	2000
	HK\$'000	HK\$'000
Other revenue		
Interest income	308	659
Foreign exchange gain	90	702
Others	<u>235</u>	<u>402</u>
	<u><u>633</u></u>	<u><u>1,763</u></u>

3. FINANCE COSTS

	Group	
	2001	2000
	HK\$'000	HK\$'000
Interest on :		
Bank loans, overdrafts and trust receipt loans	<u><u>2,994</u></u>	<u><u>5,384</u></u>

4. TAXATION

Taxation in the consolidated profit and loss account represents:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Hong Kong:		
Provision for the year	(4)	–
Over provision in prior years	–	446
	<u> </u>	<u> </u>
	(4)	446
	<u> </u>	<u> </u>

The provision for Hong Kong Profits Tax is calculated at 16 per cent (2000: 16 per cent) of the estimated assessable profits for the year ended 31 December 2001. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

At the balance sheet date, the Group had an unprovided deferred tax asset in respect of accumulated tax losses of approximately HK\$16,000,000 (2000: HK\$16,000,000).

The revaluation of the Group's land and buildings and investment properties does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

5. DIVIDEND

The board did not recommend the payment of any dividend in respect of the year ended 31 December 2001 (2000: nil).

6. CAPITAL REORGANISATION

The details are disclosed in the later section of "Business Review".

7. MOVEMENT OF RESERVE

	Share premium account	Exchange fluctuation reserve	Accumulated losses
	HK\$'000	HK\$'000	HK\$'000
At 31 December 2000 and 1 January 2001	29,349	(27)	(70,637)
Arising on issue of shares	720	–	–
Share issue expenses	(439)	–	–
Capital reduction	–	–	27,944
Exchange realignments	–	27	–
Loss for the year	–	–	(10,857)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2001	<u>29,630</u>	<u>–</u>	<u>(53,550)</u>

8. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to shareholders for the year of HK\$10,857,000 (2000: HK\$38,315,000) and the weighted average of 145,891,000 (2000: 122,900,500 after adjusting for the share consolidation on 26 July 2001) ordinary shares in issue during the year. The rights issue on 30 January 2002 had no effect to the calculation of basic loss per share.

No diluted loss per share for the years ended 31 December 2001 and 2000 had been presented as the exercise of the potential ordinary shares would result in a reduction in loss per share.

OPINION OF THE AUDITORS

The auditors have issued a disclaimer of opinion on the financial statements in view of the fundamental uncertainty relating to the appropriateness of the going concern basis.

BUSINESS REVIEW

The Company experienced the most difficult business time in its trading history over the financial year under review. The Group's audited turnover for the year ended 31 December 2001 was HK\$16.4 million, a 41.3 per cent decrease from that of last year. Again, there were no material provisions of any kind in the accounts and the Group's audited loss for 2001 was HK\$10.8 million, a significant improvement as compared with those of the last three years.

The bad performance in 2001 was primarily triggered by the unfavorable changes in automobile import market in China, the Group's principal market place. The trade war between China and Japan fired off on 23 April last year and ended by January this year after China closed its 15-year campaign to join the World Trade Organisation (the "WTO") in November last year. Last June, China imposed 100 per cent additional punitive duty on Japanese imported vehicles as part of its retaliation against Japan's emergency tariff on mushrooms, leeks and tatami rushes imported from China. Consequently, the Group's distribution business in China was seriously damaged by a devastating drop in import demand, especially in the second half of the year where the auto sales to China were inevitably ceased. For the entire year of 2001, the Company had seen sales slump at both local and China's market, slipping 37.8 and 73.4 per cent respectively as compared to those of last year.

Pursuant to a resolution passed in the Board Meeting of the Company on 8 January 2001, the Company issued a total of 240,000,000 new ordinary shares of HK\$0.02 each at a price of HK\$0.023 per share on 19 January 2001 to ten independent investors by means of placing. The net proceeds of HK\$5,081,000 were used for reducing the bank loans. Together with other measures, the placing helped the Company reduced the financial expenses by a significant decrease of 44.4 per cent from last year.

On 26 July 2001, the Company completed a capital reorganisation by which:

- (a) the issued and unissued shares of the Company were consolidated on the basis of every 10 issued and unissued shares being consolidated into 1 share ("Consolidated Share");
- (b) the nominal value of each issued Consolidated Share was reduced from HK\$0.20 to HK\$0.01 by the cancellation of HK\$0.19 of the paid up capital on each issued Consolidated Share so that the issued share capital of the Company was reduced from an amount of HK\$29,414,880 to HK\$1,470,744;
- (c) every authorised and unissued Consolidated Share were subdivided into 20 Adjusted Shares. The Adjusted Shares rank pari passu in all respects with each other, having attached thereto the rights set out in the bye-laws of the Company; and
- (d) a credit in the sum of HK\$27,944,136 arising from the capital reduction as mentioned in (b) above, on the basis of 1,470,744,000 shares in issue, was applied towards setting off part of the accumulated loss of the Company as at 31 December 2000.

The main reason for such capital reorganisation was the trading prices of the Company's shares. Over the last 6 months before the capital reorganisation, the Company's shares had traded within the range of HK\$0.014 to HK\$0.101 and had at times traded below their nominal value of HK\$0.02, with the lowest traded price at HK\$0.014 on 30 March 2001. Under Bermuda law, a company may not issue shares at a discount to the nominal value of such shares. With a view to facilitating any capital raising when circumstances arise in the future, the Board decided to undertake the capital reorganisation which, by reducing the nominal value of the shares in the capital of the Company to HK\$0.01 per share, allows flexibility for the issue of new shares in the future if the Board considers appropriate.

Subsequent to the balance sheet date, the Company raised additional funds through a rights issue on the basis of one rights share for every two existing shares held. The directors considered that it was in the interest of the Company and the shareholders to raise additional funds by way of rights issue instead of external borrowing so as to reduce the burden of the Group on financial costs and not to increase the gearing ratio of the Group. 73,537,200 rights shares at HK\$0.01 each had been issued on 30 January 2002 and a net proceeds of HK\$6.1 million had been raised. About HK\$3.5 million of the net proceeds had been used to reduce the bank loans and the remaining funds were used to purchase merchandise from our Japanese supplier for our distribution sales in China.

FINANCIAL SUMMARY

As previous years, the Group continued to keep tight control of its working capital management on the credit policies, inventory, funding and treasury planning. As at 31 December 2001, the Group's trade receivable amounted to HK\$27,000 (2000: HK\$524,000). During the past three years, the Group experienced great hardship in the clearance of our enormous slow-moving inventories. The last portion of such inventories had been successfully disposed during the financial year under review. As at 31 December 2001, more than 95 per cent of our inventories were less than one year old. Though we had tried good enough, the Group failed to implement the just-in-time procurement policy. It was mainly because most Japanese carmakers, under their normal trading practices, insist to take overseas orders 3 months in advance. Nevertheless, the Group had managed its inventories efficiently by focusing on precise forecasting of market changes. As at 31 December 2001, we believe that, the Company carried the least inventory risk by holding updated inventories of HK\$2.9 million, which was about 55.7 per cent cut in inventories held at 31 December 2000.

As at 31 December 2001, the Group's net current liabilities and net liabilities amounted to HK\$36,824,000 (2000: net current liabilities of HK\$40,727,000) and HK\$21,310,000 (2000: net liabilities of HK\$15,561,000) respectively. At the same day, the Group's cash and bank balances, excluding pledged time deposits, amounted to HK\$1,471,000 (2000: HK\$3,738,000). The total bank loans and overdrafts as at 31 December 2001 were HK\$28.9 million, representing a decrease of 38.1 per cent from the balance at 31 December 2000.

In terms of liquidity, the current ratio at the end of the Year was 0.22 (31 December 2000: 0.35). The Group's gearing ratio, resulting from a comparison of the total borrowings with issued capital, was 31.11 at the year-end date (31 December 2000: 2.00). The capital structure of the Company only consist of share capital, no capital instrument is issued by the Company.

After the placing and capital reorganisation in 2001 and a rights issue in 2002, the Board will keep on exploring any opportunities that could strengthen the capital base of the Company.

FUTURE OUTLOOK

The trading environment in China's automotive imports has been largely improved ever since the nation becomes a member of the WTO. The punitive duty on imported Japanese autos was removed early this January, resuming the normal trading of Japanese imported vehicles in China. The demand of foreign vehicles has been furtherly stimulated by the import tariff cuts. The tariffs reached as high as 300 per cent in the past. The impact of China's accession to the WTO has been enormous. Among all others, no sector has been affected as quickly as the car industry. China signed its accession agreement on 13 November 2001, under which the country agreed to cut the tariff on imported cars on a gradually basis to 25 per cent by mid-2006. The first cuts took effect on 1 January 2002. China slashed car import tariffs to 43.8-50.7 per cent from the previous 80-100 per cent to honour commitments for accession to the WTO. The tariff cut unlocked market demand that had built up in expectation of a drastic price reduction upon WTO entry.

Despite world economic recession and the continual weakening of the Japanese currency, the Board believes that the rapid development of China's economy will not be hindered and we are rather optimistic about the future of China's automobile industry. To comply the obligations of WTO, China is obliged to grant a total auto import quota of US\$8 billion this year (US\$1.7 billion last year) for foreign-made vehicles and components and thereafter a 15 per cent annual increase till 2005 when import quota shall be totally waived. Approximately 48,000 foreign-made vehicles, amounting US\$1 billion, were imported to China last year. The expected number of imported vehicles for this year is 75,000, a 56 per cent growth according to many analysts' forecasts. For the first quarter of this year, China's automobile industry had achieved an increase of more than 20 per cent from the same period of last year.

Other than the increase of import quota and tariff cuts, China has vowed to stimulate domestic demand, including automobile consumption, to maintain its rapid economic growth. The government has carried out a number of actions that help spur the demand, including:

- setting up a national credit system for individuals;
- room for interest rate cuts;
- breaking down local protectionism;

- setting up a unified, fair and orderly national market; and
- simplifying and reducing the fee and taxation system for car purchase and maintenance.

Furthermore, the US economy has passed through its worst stage, as is seen from recent economic indicators. Not only China but also the whole Asia region could benefit quickly from the US turnaround. Due to the positive changes in China's automobile industry, the Company must grasp the present opportunity firmly in order to improve the distribution sales to our most important market. Depending on the size of our operational funds, auto sales for 2002 and later years should be greatly improved to generate positive profits to the Group. Meanwhile, the Company shall keep on developing direct sale outlets in China, mainly in the southern cities, and seeking for new sales alliance in northern part of China.

EMPLOYEES

As at 31 December 2001, the Group had a total of 18 employees, of whom 9 were based in Hong Kong whereas 9 were local staff employed in PRC. The remuneration package for Hong Kong staff was strictly on monthly-salary basis and that for PRC employees was mainly based on their performance. Year-end bonus is linked to the financial results of the Group as well as the performance of individual staff. The remuneration policies of the Group's employees are subject to review regularly. Total staff costs for the year amounted to HK\$4.0 million (2000: HK\$3.9 million). On irregular but necessary basis, the Company organises product seminars, salesmanship and computer training courses and recreational activities.

The Group does not operate any pension or retirement schemes for its Directors or employees until the implementation of Mandatory Provident Fund in December 2000. The Group has a share option scheme, which was duly approved by the shareholders on 22 January 1998, available for any full time employees of the Company or any of its subsidiaries, including any executive Directors of the Company or of any subsidiaries but no options were granted under the scheme during the Period.

PLEDGE OF ASSETS

The Group's land and building and investment properties with an aggregate book value of HK\$23.8 million (2000: HK\$25.1 million) and fixed deposits of HK\$5.7 million (2000: HK\$10.5 million) were pledged to secure bank loans and overdrafts of the Group.

PROPERTY VALUATION

A property valuation had been carried out by Vigers Hong Kong Limited, an independent professional valuer, in respect of the Group's leasehold land and buildings and investment properties. The Group's leasehold land and buildings were valued at HK\$9.8 million, comprising a deficit on revaluation of HK\$0.2 million. The Group's investment properties were valued at HK\$14 million, comprising a deficit on revaluation of HK\$0.8 million.

CORPORATE GOVERNANCE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company had not complied with the Code of Best Practices (the "Code") as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited during the Period. The Audit Committee, which had been developed in compliance the Code by the Company in 1999, had reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the audited financial statements for the financial year under review.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the year, there were no material acquisitions and disposals of the Company's subsidiaries or associated companies.

PURCHASE, SALE OR REDEMPTION OF SHARES IN THE COMPANY

There were no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 May 2002 to 27 May 2002, both days inclusive, during which period no share transfers will be effected. In order to qualify for the attending the forthcoming Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on 17 May 2002.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE WEBSITE

A detailed announcement of annual results of the Group for the year ended 31 December 2001, containing all the information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules of the Stock Exchange, will be published on the website of the Stock Exchange in due course.

APPRECIATION

Needless to say, the operating results for the financial year under review was unsatisfactory. Yet it does not discourage the determination of the Company and its Board to overturn the performance in the challenging years ahead. Plans and strategies have been formulated and should be in place when conditions permit. At the mean time, the Board would like to thank all our staff for their hard work and hope to have their continuous support and patience in the attempt of making future years success.

Chan Chun Choi
Chairman and Managing Director

Hong Kong 19 April 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Victory Group Limited (the “Company”) will be held at Monet Room B, Basement 1, Grand Stanford Inter-Continental Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 27 May 2002, at 3:00 p.m. for the following purposes:–

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31 December 2001;
2. To re-elect Directors, to fix the maximum number of Directors, and to authorise the Board to appoint additional Directors and fix the Directors’ remuneration;
3. To re-appoint Auditors and to authorise the Board to fix their remuneration;
4. To consider as Special Business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:–

“THAT:

- (a) subject to paragraph 4(c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph 4(a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued, or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph 4(a) above, otherwise than pursuant to a Rights Issue (as hereafter defined) or the exercise of options under the share option scheme of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution, and the authority granted pursuant to paragraph 4(a) 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 earlier 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 law or the Bye-laws 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.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their holdings of such shares (subject 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. To consider as Special Business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:–

“THAT:

- (a) subject to paragraph 5(c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph 5(a) above shall be in addition to any other authorisation given to the Directors;
- (c) the aggregate nominal amount of share capital purchased or agreed conditionally or unconditionally to be purchased by the Directors pursuant to the approval in paragraph 5(a) above during the Relevant Period shall be no more than 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution, and the authority granted pursuant to paragraph 5(a) 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 earlier 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 law or the Bye-laws 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.”;

6. To consider as Special Business and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:–

“THAT conditional on the passing of the Ordinary Resolutions numbered 4 and 5 as set out in the notice of the Meeting of which this Resolution forms part, the aggregate nominal amount of the number of shares in the share capital of the Company that shall have been repurchased by the Directors after the date of the passing of this Resolution pursuant to and in accordance with the said Ordinary Resolution numbered 5 shall be added to the aggregate nominal amount of share capital that may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to the general mandate to allot and issue shares granted to the Directors by the said Ordinary Resolution numbered 4.”; and

7. To consider as Special Business and, if thought fit, pass with or without amendments, the following resolution as a Special Resolution:–

“THAT “華多利集團有限公司” be adopted as the Company’s Chinese name for the purpose of identification only and that the name be registered with the Registrar of Companies in Hong Kong.”

On behalf of the Board
Chan Chun Choi
Chairman

Hong Kong, 19 April 2002

Notes:

- 1. A member of the Company who is entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company but must attend in person to represent the member. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- 2. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

3. In order to be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority, must be deposited with the Company's Branch Share Registrar in Hong Kong, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not less than 48 hours before the time for holding the Meeting, or any adjournment thereof.
4. The Register of Members of the Company will be closed from 21 May 2002 to 27 May 2002 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the Meeting convened by the above notice, all transfers accompanied by the relevant share certificate and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on 17 May 2002.
5. An explanatory statement containing further details on Resolutions 4 to 7 above will be sent to members of the Company together with the Annual Report for the year ended 31 December 2001.

Please also refer to the published version of this announcement in the Hong Kong iMail.