



# HUTCHISON HARBOUR RING LIMITED

和記港陸有限公司\*

(Incorporated in Bermuda with limited liability)

## ANNOUNCEMENT OF 2001 ANNUAL RESULTS

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001 HK\$'000	2000 HK\$'000
Turnover	1	70,398	330,645
Cost of sales		(67,237)	(297,295)
Gross profit		3,161	33,350
Other revenues		50,835	68,749
Other operating income		5,698	7,140
Administrative expenses		(152,195)	(108,293)
Distribution costs		(6,037)	(12,532)
Other operating expenses		(44,531)	(11,653)
Impairment provision for non-trading securities		(84,758)	-
Loss on disposal of an associate		(49,413)	-
Operating loss	1	(277,240)	(23,239)
Share of losses less profits of associates		(14,691)	(7,207)
Finance costs	2	(100)	(322)
Loss from ordinary activities before provision		(292,031)	(30,768)
Write-back of provision against/(provision against) the toys and property subsidiaries	3	967,620	(1,018,148)
Profit/(loss) before taxation		675,589	(1,048,916)
Taxation (charge)/credit	4	(211)	10,382
Profit/(loss) after taxation		675,378	(1,038,534)
Minority interests		5,224	1,374
Profit/(loss) attributable to shareholders		680,602	(1,037,160)
Dividend	5	84,150	-
Basic earnings/(loss) per share	6	12.16 cents	(24.42 cents)

#### Notes:

1 The Group is organised into two business segments namely internet business-to-business investments and toys and property operations. Unallocated represents head office administration comprising other income and corporate expenses. The consolidated results for the year ended 31 December 2001 (2000: 4 May 2000 to 31 December 2000) exclude the results of the operations of the toys and property subsidiaries.

#### Primary segment information by business:

	Internet business-to-business investments		Toys and property operations		Unallocated		Group	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Turnover	70,398	79	-	330,566	-	-	70,398	330,645
Segments results	(226,100)	(8,896)	-	(19,629)	(51,140)	5,286	(277,240)	(23,239)

#### Secondary segment information by geographical location:

	Turnover		Segment results	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
United States	-	187,911	(63,068)	(14,439)
Singapore	70,398	-	(50,578)	(8,896)
Hong Kong	-	-	(56,794)	-
Rest of Asia	-	106,028	(55,660)	(2,645)
Europe	-	36,706	-	(2,545)
	70,398	330,645	(226,100)	(28,525)
Other income and corporate expenses			(51,140)	5,286
Total			(277,240)	(23,239)

#### 2 Finance costs

	2001 HK\$'000	2000 HK\$'000
Interest on bank loans and overdrafts	100	322

#### 3 Write-back of provision against/(provision against) the toys and property subsidiaries

Pursuant to a Put Option Deed dated 9 March 2000 (as amended by supplemental deed dated 29 March 2000) and a Management Service Agreement ("MSA") dated 28 April 2000, the Company had determined to hold the toys and property subsidiaries for disposal and the Company's control over these subsidiaries was significantly restricted. A provision of HK\$1,018,148,000 was made against the share of the net assets of the toys and property subsidiaries to reflect the fair value of the Group's interests in these subsidiaries as at 31 December 2000.

In the preparation of the Group accounts for the year ended 31 December 2001, the accounts of the toys and property subsidiaries were consolidated with effect from 31 December 2001, the date the Company resumed control over these subsidiaries pursuant to the cancellation of the Put Option Deed and the MSA. The provision previously made is no longer required and the results of these subsidiaries are also included as part of the write-back.

#### 4 Taxation (charge)/credit

	2001 HK\$'000	2000 HK\$'000
The amount of taxation charged to the consolidated profit and loss account represents:		
Hong Kong profits tax	-	(326)
Overseas taxation	(211)	-
Over provision in prior years	-	10,892
	(211)	10,566
Share of taxation attributable to associates	-	(184)
	(211)	10,382

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

#### 5 Dividend

	2001 HK\$'000	2000 HK\$'000
Final dividend proposed - HK1.5 cents per share (2000: Nil)	84,150	-

At a meeting held on 19 March 2002 the directors declared a final dividend of HK1.5 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of consolidated retained earnings for the year ending 31 December 2002.

#### 6 Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders of HK\$680,602,000 (2000: loss of HK\$1,037,160,000) and the weighted average of 5,595,125,000 ordinary shares (2000: 4,246,536,000) in issue during the year.

No diluted earnings/(loss) per share for 2001 and 2000 have been presented as the exercise of the Company's outstanding warrants would be anti-dilutive.

#### 7 Depreciation and amortisation

	2001 HK\$'000	2000 HK\$'000
Amortisation of goodwill and intangible assets	27,939	9,536
Depreciation	8,380	17,933
	36,319	27,469

### CO-CHAIRMEN'S STATEMENT

#### Financial Results

Hutchison Harbour Ring Limited ("the Company") and its group companies ("the Group") recorded an audited consolidated profit attributable to shareholders of HK\$680.6 million for the year ended 31 December 2001. This compared to a loss of HK\$1,037.2 million for 2000. The 2001 profit included a one-time write back of a provision of HK\$967.6 million relating to the Group's toys and property subsidiaries. In 2000, a provision of HK\$1,018.1 million had been made in the financial statements against the disposal value of the Group's toys and property subsidiaries, which was primarily based on the exercise price of a put option agreement existing at that time. Earnings per share were 12.16 cents in 2001 compared to a loss per share of 24.42 cents in 2000. The Group ended the year with a healthy cash balance and no debt.

\* for identification purpose only

#### Dividend

The Directors have decided to recommend the payment of a final dividend of HK1.5 cents per share in respect of 2001 (2000 - Nil), to shareholders whose names appear on the Register of Members of the Company on 24 May 2002. The proposed dividend will be paid on 25 May 2002 following approval at the Annual General Meeting.

#### Summary

During 2001, the Group underwent a significant change in its ownership structure, which resulted in a fundamental restructuring and refocusing of its business strategy. The Group became a member company of Hutchison Whampoa Limited, one of Asia's largest diversified business groups. On 12 July 2001, one of Hutchison Whampoa Limited's wholly-owned subsidiaries, together with Reading Investments Limited, acquired a controlling stake in ICG Asia Limited, as the Group was then called. The two parties made a voluntary conditional cash offer pursuant to which Internet Capital Group Inc, the then-controlling shareholder, and its associates tendered all their former shareholdings in the Company. Following the completion of the offer, Hutchison Whampoa Limited now controls approximately 50.5 per cent of the issued share capital of the Company, Reading Investments Limited together with another company, both controlled by Dr. Luk Chung Lam hold approximately 19.6 per cent, with the remainder held by members of the public.

To reflect this new ownership structure, the Company formally changed its name to Hutchison Harbour Ring Limited on 25 September 2001.

In the second half of the year, the Group re-assessed the financial performance and business prospects of its Internet B2B activities. It decided to exit from active involvement in the sector, making prudent financial provisions.

On 19 December 2001, the Group entered into agreements to cancel a put option and a management services agreement, both with effect from 31 December 2001. As a result of these cancellations, the right to manage and operate the Group's toys and property subsidiaries reverted to the Company. The Group's principal business is now centred on its toys and property activities.

#### Summary of Business Operations

2001 was a challenging year for the Group's toy operations. Competition remained strong and margins tight due to excess capacity among toy manufacturers. The US, the world's major toy market, slowed in 2001 and retailers were generally even more cautious than usual in their approach to placing orders. The events of September 11 in the US led to a further, and noticeable, drop in customer demand in the Christmas holiday season. In spite of a difficult operating environment, the Group's toys operations improved thanks to a diversification into new products, an expanded customer base, and the employment of tighter cost controls.

The change of ownership led to a review of the Group's activities and market conditions, and the decision to focus on the toys and property businesses. The Group began to exit from its Internet B2B business interests through a programme of rationalising its various investment positions. This programme of rationalisation has now been completed and the Group retains only small strategic holdings in a number of Internet B2B business.

The Group's property investment portfolio in China continued to generate steady rental income in 2001. The Group's office, retail, residential and hotel properties in Shanghai and Shaoxing enjoyed satisfactory occupancy levels.

#### Outlook

There are some indications that the US economy may recover in the second half of 2002. As the US is one of the Group's major toy markets, any improvement will have a positive effect on the Group's prospects. The accession of China into the World Trade Organisation is expected to open up significant opportunities on the mainland that will provide long-term benefits for China, Hong Kong and the Group. In addition, the Group is now working with its parent company, Hutchison Whampoa Limited, to further its business by capitalizing on the latter's relationships with numerous multinational corporations throughout the world. This would potentially enable the Group to access more manufacturing opportunities as well as to establish business and strategic relationships with many of these multinational corporations. These ongoing efforts coupled with improvement in the global environment will represent excellent business prospects for the Group.

We would like to thank all past and present members of the Board of Directors and our staff for their hard work and dedication over the past year, and also our shareholders and business partners for their continued support.

### REVIEW OF OPERATIONS

#### Financial Overview

The Group's turnover for 2001 was HK\$70.4 million, or 78.7 per cent lower than in the previous year. Turnover was derived from Internet B2B operations, mainly customer relationship management consulting services and the sale of hardware and network infrastructure services in Singapore. The Group's turnover in 2000 was HK\$330.6 million. The 2000 figure was almost wholly derived from the manufacturing and trading of toys and accessories and property investments and development operations that took place between 1 January 2000 and 3 May 2000. There was only a small contribution from Internet B2B activities. The Group did not include the toys and property subsidiaries in its consolidated results from 4 May 2000 to 31 December 2001 (see below).

Including the one-time profit write back, the Group's profit attributable to shareholders amounted to HK\$680.6 million. This compared with a loss of HK\$1,037.2 million in 2000.

In 2001, the Internet B2B activities produced a loss from operation before tax and minority interests of HK\$292.0 million, compared with a loss of HK\$30.8 million for 2000. The previous year's loss reflected the results of the Group's toys and property operations between January and early May 2000, and start up costs associated with the Internet B2B operations. Following the change in its ownership structure and the refocusing of its business strategy, the Group consolidated its toys and property operations into the financial results from 31 December 2001, effective date of the cancellation of a management service agreement ("MSA") and a put option agreement ("Put Option"). The principal effect was to include a one-time write back of provision of HK\$967.6 million relating to the Group's toys and property subsidiaries. In 2000, a provision of HK\$1,018.1 million had been made in the balance sheet and profit and loss account against the disposal value of the Group's toys and property subsidiaries, primarily based on the exercise price of the Put Option existing at that time. This provision was required because the Group ceased to consolidate the results of these subsidiaries as a result of the existence of the MSA.

Taken separately, the Group's toys and property businesses performed well in 2001. Thanks to improvements in business performance and ongoing cost control measures, they produced a profit attributable to shareholders, before provision for impairment loss of fixed assets, of HK\$31.0 million, compared to a loss in 2000.

After a thorough re-assessment of its financial performance and business prospects, the Group decided on a fundamental restructuring and refocusing of its business strategy. The principal businesses were to be the manufacturing and trading of toys and investment in property. The Group chose to exit from active involvement in the Internet B2B sector.

One consequence of this decision was the unwinding of some of the agreements put in place in 2000 when the Internet B2B market was more promising. On 19 December 2001, the Group entered into agreements for the cancellation of the Put Option and the MSA, both with effect from 31 December 2001. The agreements cancelled the Put Option by which the Group had the right to sell its toys and property operations to Shamrock Green Limited for a consideration of HK\$225.4 million. Shamrock is owned 50 per cent indirectly by Hutchison Whampoa Limited, the Group's controlling shareholder; and the remaining 50 per cent is owned by Reading Investments Limited and another company, both controlled by Dr. Luk Chung Lam, the co-chairman of the Group. The Group also terminated the MSA which gave Harbour Ring Group Limited, a company controlled by Dr. Luk Chung Lam, the exclusive right to manage and operate the Group's toys and property subsidiaries, including, without limitation, control of the dividend policies from 4 May 2000.

As a result of these cancellations, the right to manage and operate the Group's toys and property subsidiaries reverted to the Company with effect from 31 December 2001.

#### Internet B2B Investments

During 2001, the Group embarked on a programme of rationalizing its positions in a number of Internet B2B investments made by the previous management. It entered a series of agreements to sell its interests back to the Internet B2B companies and/or their shareholders. The Group made prudent provisions totalling HK\$84.8 million against its investment in these businesses. With the exception of an investment in Whizz-Work Holdings Limited, the remaining interests were written down to a nominal value on the Group's balance sheet.

#### Whizz-Work Holdings Limited ("Whizz-Work")

Whizz-Work provides network infrastructure services and is a hardware reseller in Singapore. The Group acquired 75 per cent of Whizz-Work's issued capital on 23 March 2001 for approximately HK\$56.2 million. The consideration was satisfied by a HK\$38.2 million cash payment, and the issue and allotment of approximately 59.5 million shares in the Company. The shares were valued at HK\$0.302 each. On 31 January 2002, after the end of the 2001 financial year, the Group entered into a repurchase agreement with Whizz-Work. The Singapore-based company repurchased shares from the Group for a consideration of US\$5.85 million, thereby reducing the Group's interest from 75 per cent to 15 per cent. Whizz-Work granted the Group a put option to sell to it, or failing which to one of its founders, a further 5 per cent interest for US\$200,000 between 31 January 2006 and 30 January 2009.

#### MegaVillage.com Holdings Limited ("MegaVillage")

MegaVillage is a Hong Kong based Internet agent that sources light consumer products for multinational companies. Following a restructuring of the company in June 2001, MegaVillage repurchased certain MegaVillage shares held by the Group. The Group's shareholding in MegaVillage was reduced to 19.9 per cent from 52.95 per cent.

#### FreeBorders, Inc.

FreeBorders provides solutions to integrate design, sourcing, and delivery applications for the international soft goods industry. The Group holds approximately 5 per cent of the issued share capital of FreeBorders in the form of Series B Preferred Stock. In April and July 2001, the Group subscribed to a total of US\$2.5 million (approximately HK\$19.5 million) of notes convertible into shares of FreeBorders preferred stock.

## Infomart and Other Investments in Japan

The Group held a number of interests in Internet B2B technology businesses in Japan including a 45 per cent stake in Infomart Corp, an Internet B2B business operator. On 31 October 2001, the Group sold 29 per cent of its issued share capital to several existing shareholders of Infomart at a consideration of JPY203.85 million. The Group retains a 16 per cent equity interest in the Japanese Internet B2B company. Steps have been taken to wind up the Group's investment in ICG Japan KK which represents the Group's other internet B2B investments in Japan.

## Breakaway Solutions Asia Pacific Limited ("BSAP")

BSAP is a services provider offering Internet B2B consulting and solutions in Singapore. In June 2001, the Group purchased an additional 19.9 per cent interest in BSAP from its US parent, which was then in liquidation. This made BSAP a wholly-owned subsidiary. On 23 November 2001, BSAP paid the Group an aggregate cash consideration of US\$5.3 million for the repurchase of 400,500,000 preference shares and 87,500,000 ordinary shares. These repurchased shares were cancelled. In a subsequent transaction, BASP issued new shares to subsidiaries of Computer & Technologies Solutions (BVI) Limited, which became the majority shareholder of BASP. The issue of new shares diluted the Group's remaining interest to 10 per cent of the enlarged issue share capital of BASP.

## Toys Operations

The Group is a leader in the Hong Kong toys industry. It operates as an original equipment manufacturer and an original design manufacturer, specializing in mass production of both promotional and conventional toys for major toy marketing companies.

Group subsidiaries manufacture and trade hard, soft and electronic toys from facilities in Dongguan, Panyu and Zhongshan, China. The Group has particular expertise in working with many forms of plastics.

In 2001, the Group's toys business expanded, mainly due to improvements in the hard and electronic toy business segments. Hard toys, such as action figurines, constituted approximately 50 per cent of total sales; electronic toys, such as interactive games, and soft toys, such as baby dolls, accounted for approximately 37 per cent and 9 per cent of sales respectively. Other sales, such as tooling and accessories, constituted approximately 4 per cent of total sales. The Group recorded better profit margins thanks to improved costs controls and diversification into product categories.

## Property Operations

The Group's property investments are mainly in Shanghai and Shaoxing, China. In Shanghai, the Group's two principal investments are Shanghai Harbour Ring Plaza and Shanghai Harbour Ring Huangpu Centre in Huangpu district. The Group has also developed Canadian Garden, a complex of a 108 deluxe villas and facilities. In Shaoxing, the Group's principal property is the 22-storey Shaoxing Xian Heng Hotel in the centre of the city. In August 2001, the Group increased its effective interest in the four-star hotel to 67.5 per cent from 45 per cent. The hotel has 207 guest rooms.

In 2001, the property business recorded improvements. This increase was mainly due to higher rentals achieved on lease renewals at Harbour Ring Plaza and Harbour Ring Huangpu Centre. Office occupancy still remained at a high level.

## Group Capital Resources and Liquidity

The Group maintained very healthy financial position during 2001. Total cash and cash equivalents plus other liquid listed investments amounted to HK\$1,407.6 million as at 31 December 2001 (2000 - HK\$1,306.4 million). The Group was debt free at the end of both 2001 and 2000.

## Treasury Policies

As at 31 December 2001, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

## Contingent Liabilities and Charges on Group Assets

At 31 December 2001, the Group had pledged fixed assets to the value of HK\$50.4 million for use in relation to general banking facilities. Approximately HK\$10.1 million of fixed deposits were pledged to certain banks to grant mortgage loan facilities to purchasers of the Group's properties in China, of which HK\$9.7 million was utilized. Contingent liabilities did not change significantly from the end of 2000.

## Employees

Excluding associated companies, the Group employed 17,425 people at the end of 2001. Approximately 14,875 of its employees were classified as factory and other workers; 2,550 were staff and directors. At the end of 2000, the Group employed 37 people, who were engaged in Internet B2B activities; the toy and property operations employed 19,685 people.

In 2001, employee costs, including directors' emoluments, amounted to HK\$96.3 million (2000 - HK\$105.0 million). This figure reflected the costs of employing staff as recorded in the Group's consolidated accounts. The Group's manpower needs for its manufacturing operations are seasonal. However, the salary and benefit levels of Group's employees are kept at competitive levels and individual performance is rewarded within the general framework of Group's salary and bonus system. Remuneration packages are reviewed annually or by special increment. The Company's employee share option scheme expired in June 2001.

Training remains a significant aspect of the Group's human resource activities. The Group continued to support The Asian Toy Institute, a training school with centres in Dongguan and Zhongshan, China. The institute provides important skills training for new recruits who join the Group's manufacturing operations. The Group also runs a graduate engineering training scheme that is recognized by The Hong Kong Institution of Engineers and the Vocational Training Council of the Hong Kong Government. The scheme produces well-qualified professional engineers for the Group and the toy industry.

## Outlook

The Group's toys and property operations showed significant improvements in 2001 in spite of the slowdown in the US economy.

The Group's financial position is strong with cash and marketable investments available for future expansion and development. This financial security combined with the strong toys and property businesses should provide a firm platform for building healthy and recurring cashflows.

## Publication of Further Information

All information required by paragraphs 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 both the Stock Exchange's website and the Company's website in due course.

By Order of the Board

## Edith Shih

Director

Hong Kong, 19 March 2002

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of shareholders of the Company will be held in the Harbour Plaza Room, Basement 1, Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong on Friday, 24 May 2002 at 10:00 am for the following purposes:

- To receive and consider the statement of accounts and reports of the directors and auditors for the year ended 31 December 2001.
- To declare a final dividend.
- To elect directors and authorise the board of directors of the Company to fix the directors' remuneration.
- To re-appoint auditors and authorise the board of directors of the Company to fix their remuneration.
- As special business to consider and, if thought fit, pass the following Ordinary Resolutions:

### Ordinary Resolutions

#### (1) "THAT:

- subject to paragraph (C) of this resolution, the exercise by the board of directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue or otherwise deal with new shares of the Company ("Shares") or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers be generally and unconditionally approved;
- 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, options and warrants which would or might require the exercise of such power after the end of the Relevant Period;
- the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (A) of this resolution, otherwise than pursuant to Shares issued as a result of a Rights Issue (as defined below), the exercise of the subscription or conversion rights attaching to any warrants issued by the Company or the exercise of options granted under the share option scheme of the Company or any scrip dividend providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the said approval shall be limited accordingly; and

- for the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of

- the conclusion of the next annual general meeting of the Company;
- 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 law of Bermuda to be held; and
- 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 the allotment, issue or grant of Shares pursuant to an offer of shares open for a period fixed by the directors of the Company to holders of Shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (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 applicable to the Company)."

#### (2) "THAT:

- subject to paragraph (B) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase or repurchase shares of the Company ("Shares") on, subject to and in accordance with all applicable laws and rules on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited, be generally and unconditionally approved;
- the aggregate nominal amount of the Shares which may be purchased or repurchased by the Company pursuant to the approval in paragraph (A) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution, and the said approval shall be limited accordingly; and
- for the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of
  - the conclusion of the next annual general meeting of the Company;
  - 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 law of Bermuda to be held; and
  - the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

- "THAT subject to the passing of Ordinary Resolution No (1) and (2) set out in the notice convening this meeting, the aggregate nominal amount of the shares of the Company which may be purchased or repurchased by the Company pursuant to the authority granted to the directors of the Company by Ordinary Resolution No (2) set out in the notice convening this meeting shall be added to the aggregate nominal amount of share capital of the Company that may be allotted or issued or agreed conditionally or unconditionally to be allotted or issued by the directors of the Company pursuant to Ordinary Resolution No (1) set out in the notice convening this meeting, provided that such shares shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution."

- As special business to consider and, if thought fit, pass the following Special Resolution:

### Special Resolution

"THAT the Bye-Laws of the Company be altered in the following manner:

- by adding the following definition in bye-law 1 immediately after the definition "month":

"Electronic communication" "electronic communication" shall mean a communication sent by electronic transmission in any form through any medium;"

- by deleting the definition "writing printing" in bye-law 1 in its entirety and substituting the following therefor:

"writing printing" "writing or "printing" shall include writing, printing, lithography, photography, type-writing, any other mode of representing words or figures in a legible and non-transitory form and any visible substitute for writing (including an electronic communication), and anything partly in one visible form and partly in another visible form;"

- by adding the following definition in bye-law 1 immediately after the definition "writing printing":

"Document	references to a document include references to any information in visible form whether having physical substance or not;
Document being executed	references to a document being executed shall include references to its being executed under hand or under seal or by electronic signature or by any other method. References to a document include references to any information in visible form whether having physical substance or not;"

- by deleting bye-law 160 in its entirety and substituting the following therefor:

"160. Any notice or document may be served by the Company on any member either:

- personally;
- by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register;
- by publishing it as a paid advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper published daily and circulating generally in Hong Kong and in the list of newspapers specified for the purpose by the stock exchange in Hong Kong which, in the opinion of the Directors, is the principal stock exchange in Hong Kong on which the securities of the Company are listed or traded;
- by sending it as an electronic communication to such member at his electronic address to the extent permitted by, and in accordance with, the Companies Act and other applicable laws, rules and regulations; or
- by publishing it on the Company's computer network and giving to such member a notice in accordance with applicable laws, rules and regulations stating that the notice or other document is available there (a "Notice of Availability") to the extent permitted by, and in accordance with, the Companies Act and other applicable laws, rules and regulations. The Notice of Availability may be given to the member by any of the means set out in bye-law 160(A), (B), (C) or (D).

In case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders."

with the following marginal note:

"Service of notices"

- by deleting bye-law 162 in its entirety and substituting the following therefor:

"162. (A) Any notice or other document:

- sent by post, shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is put into a post office situated within the relevant territories, and, in proving such service, it shall be sufficient to prove that the envelope or wrapper containing the notice was properly prepaid, addressed and put into such post office and a certificate in writing signed by the secretary or other person appointed by the board that the envelope or wrapper containing the notice was so addressed and put into such post office shall be conclusive evidence thereof;
  - served by publishing it in newspapers in accordance with bye-law 160(C) shall be deemed served on the day on which the notice is first published;
  - sent as an electronic communication, shall be deemed to be given on the day on which such notice or document is sent to the member. A notice or document published on the Company's computer network shall be deemed to have been served or delivered on the day following that on which a Notice of Availability is sent to the member.
- Where a person has by notice given or deemed to have been given to the Company in accordance with applicable laws, rules and regulations consented to receive notices and other documents in the English language or the Chinese language but not both, and such consent is required pursuant to applicable laws, rules or regulations, any notice or document served on or delivered to him in such language in accordance with these presents while such consent is in force shall be deemed to have been duly and validly served or delivered. Any notice or document served on or delivered to such person prior to revocation or amendment of such consent shall be binding on him notwithstanding such revocation or amendment."

with the following marginal note:

"When notice by post deemed to be served"

- by adding the following paragraph to bye-law 156 as 156(C):

"156. (C) Subject to due compliance with the Statutes and the rules of the stock exchange in the relevant territory, and to obtaining all necessary consents, if any, required thereunder and such consents being in full force and effect, the requirements of bye-law 156(B) shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes and instead of such copies, a summary financial statement derived from the Company's annual accounts and the directors' report, which shall be in the form and containing the information required by applicable laws and regulations."

The register of members will be closed from Friday, 17 May 2002 to Friday, 24 May 2002 both days inclusive.

By Order of the Board

## Edith Shih

Director

Hong Kong, 19 March 2002

### Notes:

- In order to qualify for the final dividend payable on Saturday, 25 May 2002, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrars, Central Registration Hong Kong Limited, for registration not later than 4 pm, Thursday, 16 May 2002.
- Only members are entitled to attend and vote at the meeting.
- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of that member. A proxy need not be a member. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the principal place of business of the Company at 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong, not later than 48 hours before the time for holding the meeting or any adjourned meeting (as the case may be).
- With respect to Ordinary Resolution No (1), the directors wish to state that they have no immediate plans to issue any new shares of the Company other than the shares that may be issued upon the exercise of any warrant issued by the Company. Approval is being sought from the members under Ordinary Resolution No (1) as a general mandate for the purposes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- With respect to Ordinary Resolution No (2) and Special Resolution, an Explanatory Statement containing the information regarding the repurchase by the Company of its own shares and the amendments to the Bye-Laws of the Company will be sent to shareholders together with the Company's 2001 Annual Report.

