



## Dynasty Fine Wines Group Limited

### 王朝酒業集團有限公司

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

(Stock Code: 828)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004

The board of directors (the “Board”) of Dynasty Fine Wines Group Limited (the “Company”) is pleased to announce the audited proforma consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2004, prepared on the basis set out in Note 1, together with the comparative figures for the previous year as follows:

### PROFORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Note</i>	<b>2004</b> <i>RMB'000</i>	2003 <i>RMB'000</i>
Turnover	2	<b>852,907</b>	708,571
Cost of sales		<u><b>(400,361)</b></u>	<u>(347,667)</u>
Gross profit		<b>452,546</b>	360,904
Other revenue	2	<b>5,088</b>	6,950
Distribution costs		<b>(179,363)</b>	(158,980)
General and administrative expenses		<u><b>(40,437)</b></u>	<u>(37,694)</u>
Operating profit	4	<b>237,834</b>	171,180
Finance costs		<u><b>(750)</b></u>	<u>(800)</u>
Profit before taxation		<b>237,084</b>	170,380
Taxation	5	<u><b>(60,618)</b></u>	<u>(46,006)</u>
Profit after taxation		<b>176,466</b>	124,374
Minority interests		<u><b>(553)</b></u>	<u>19</u>
Profit attributable to shareholders		<u><b>175,913</b></u>	<u>124,393</u>
Dividends	6	<u><b>78,800</b></u>	<u>78,805</u>
Proforma basic earnings per share ( <i>Rmb</i> )	7	<u><b>0.20</b></u>	<u>0.14</u>

## 1. Group reorganisation and basis of preparation

The Company was incorporated in the Cayman Islands on 29 July 2004 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Pursuant to the reorganisation as disclosed in the Company's prospectus dated 17 January 2005 (the "Reorganisation"), prepared for the purpose of listing its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the subsidiaries set out in the annual report. The Company's shares were subsequently listed on the Main Board of the Stock Exchange on 26 January 2005.

Although the group structure resulting from the Reorganisation was not legally established until 13 January 2005, the Directors consider that meaningful information is provided by treating the Group as a continuing entity as if the Group structure as at 13 January 2005 had been in existence from the beginning of the year ended 31 December 2003 except for a subsidiary, Shangdong Yu Huang Grape Wine Co., Ltd. ("Yu Huang"), which was acquired by Sino-French Joint Venture Dynasty Winery Limited ("Dynasty Winery") on 28 October 2003. For the purpose of these proforma accounts, the result of operations, cash flows and assets and liabilities of Yu Huang are accounted for using acquisition accounting from the date of acquisition.

The proforma accounts have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants except for the adoption of merger accounting as described above which is not in compliance with Statement of Standard Accounting Practice 2.127 "Accounting for group reconstruction" ("SSAP27") in as far as SSAP27 does not allow incorporation of combination which occurs after the date of most recent balance sheet.

## 2. Turnover and other revenue

The Group is principally engaged in the manufacturing and sale of wine products. Revenue recognised during the year is as follows:

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
Turnover		
Manufacturing and sale of wine products	852,907	708,571
Other revenue		
Interest income	<u>5,088</u>	<u>6,950</u>
Total revenue	<u><u>857,995</u></u>	<u><u>715,521</u></u>

## 3. Segment information

Manufacturing and sale of wine products is the only business segment of the Group for the year ended 31 December 2004 and 2003. All operating assets of the Group for the year ended 31 December 2004 and 2003 are located in PRC. Accordingly, no separate business and geographical segment information is presented.

## 4. Operating profit

Operating profit is stated after charging:

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
Employee costs including directors' emoluments	37,123	35,540
Depreciation	18,370	17,280
Loss on disposal of fixed assets	1,168	375
Operating lease rentals in respect of:		
— storage facilities and plant and machinery	3,600	3,600
— transformation station	2,160	2,160
— office premises	252	—
Provision for doubtful debts	<u>—</u>	<u>1,249</u>

## 5. Taxation

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
Current taxation:		
— PRC income tax	60,079	46,735
— underprovision in previous years	539	—
— tax refund	—	(574)
Deferred tax	—	(155)
	<u>60,618</u>	<u>46,006</u>

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong.

Provision for PRC income tax has been made at the applicable rate on the estimated assessable profit for the year. The applicable rate for Dynasty Winery is 24% (2003: 24%), being the preferential rate for foreign investment production enterprises established in a coastal economic development zone. The applicable rate for Yu Huang is the statutory rate of 30% (2003: 30%).

Tax refund relate to a further preferential tax benefit, as approved by Finance Bureau of Tianjin, enjoyed by Dynasty Winery whereby the portion of its assessable profit generated from expansion in operations funded by way of its last increase in capital was exempted from income tax for two years starting from the relevant profit making year and 50% reduction for the next three years thereon. 2003 is Dynasty Winery's final year for entitlement of such tax refund. Future preferential tax benefit in respect of further increase in capital, if any, has to be approved by relevant local authorities.

## 6. Dividends

On 12 May 2004 and 8 November 2004, the directors of Dynasty Winery resolved that following dividends be paid to the then shareholders in cash:

<b>Date of declaration</b>	<b>Payment date</b>	<i>RMB'000</i>
12 May 2004	July 2004	78,805
8 November 2004	December 2004	66,595
8 November 2004	April 2005	78,800
		<u>224,200</u>

Out of the dividends of RMB224.2 million declared during the year, RMB78,805,000 and RMB78,800,000 was declared in respect of the profit attributable to shareholders for the year ended 31 December 2003 and 2004 respectively.

## 7. Proforma earnings per share

The calculation of proforma basic earnings per share is based on the Group's profit attributable to shareholders for the year ended 31 December 2004 of approximately RMB175,913,000 (2003: RMB124,393,000) and on 900,000,000 shares (2003: 900,000,000 shares) as if these shares have been in issue on 1 January 2003. No diluted earnings per share has been presented as the Company has no dilutive potential shares as at 31 December 2004.

## BUSINESS REVIEW

### RESULTS

Financial year 2004 was a remarkable year for the Group. We achieved significant growth in both our turnover as well as net profit attributable to shareholders. Our turnover increased by 20.4% to approximately RMB852.9 million (2003: RMB708.6 million) and our net profit attributable to shareholders increased by 41.4% to approximately RMB175.9 million (2003: RMB124.4 million).

Earnings per share, on a pro forma basis as if 900,000,000 shares were outstanding since 1 January 2003, was RMB0.20 per share (2003: RMB0.14 per share). As there was no dilutive potential ordinary share outstanding as at 31 December 2004, dilutive earnings per share is not presented.

The excellent financial results in 2004 were mainly attributable to the growth in sales volume, improving gross margin and the relatively stable distribution costs and general and administrative expenses.

## **INITIAL PUBLIC OFFERING**

During the year, we devoted our efforts in growing our business and preparing for the listing. With the dedication of all our staff, the Group was successfully listed on Main Board of the Stock Exchange on 26 January 2005. The placing and public offer was well received by institutional and public investors and in particular, the public offer was over subscribed by over 600 times. Upon the completion of the placing and public offer, we issued a total of 345,000,000 new shares, including the shares issued upon the exercise of the over-allotment option. The gross proceeds raised from the placing and public offer amounted to approximately HK\$776.3 million (equivalent to approximately RMB822.8 million). The satisfactory results of the placing and public offer reflected the confidence of investors in the prospects of our business as well as in the grape wine industry of the People's Republic of China (the "PRC"). The listing is a new milestone in the Group's development, laying the foundation for our further growth in the industry.

## **Sales analysis**

During the year, we recorded remarkable growth in sales volume. The number of bottles of wine sold increased from 32.7 million in 2003 to 38.9 million in 2004, whilst the average ex-factory sale price remained relatively stable. Our principal source of turnover continued to be red wine product sales which accounted for approximately 93.9% of the Group's turnover of the year (2003: 90.2%). Dynasty Dry Red, the prototype of our mass market product, remained as the Group's best selling wine product, accounting for approximately 50.3% of the Group's turnover (2003: 50.1%).

During the year, Huadong region, or Eastern region of the PRC, remained as our stronghold market. In the foreseeable future, we believe the sale of grape wine products in provinces in Huadong region will continue to be our major source of turnover. However, we will aim to develop or strengthen the sales of our products in other markets especially those provinces in the northeastern and northwestern regions of the PRC as well as to enhance our marketing and promotion efforts in other coastal provinces of the PRC in order to boost sales in those markets. Overseas sales remained insignificant at 0.2% (2003: 0.2%) of our turnover during the year as the domestic market was our primary focus.

We produce and offer over 50 affordable/medium end to premium/high end grape wine products. With a wide product portfolio, we believe we will be able to capture the opportunities in the grape wine market in the PRC as it grows and become more mature, manifesting in the surge in demand of premium higher end products. Since 2003, we have launched certain premium wine products such as *Aged in Oak Barrels* and *Seven Year Reserve*. During the year, sales of these premium wine products saw encouraging growth. Although sales of these premium wine products made up an insignificant share of our turnover during the year, we believe these products will become an increasingly significant source of our future growth.

In 2005, we will explore acquisition opportunities of grape wine producers in the PRC and overseas so as to enlarge our product range and market share.

## **Competition**

We face competition both locally in the PRC and from overseas. With PRC's entry into the World Trade Organisation, import tax on wine products has been decreasing over the past few years. Foreign imported wines are currently subject to 14% import tax. The continuous development of the economy and rising consumption level in the PRC have contributed and will continue to contribute to the healthy growth of the grape wine industry. We believe our reputable brand name, comprehensive product and market knowledge and extensive distribution network will enable us to enhance our competitive advantages to meet different market challenges and to maintain our leading position in this enlarging market.

## **Supplies of grapes or grape juice**

Grapes or grape juice are the key raw materials for grape wine production and access to good quality grapes is the most important factor to producing good quality wine. We currently have over 10 grape juice suppliers, mainly located in Tianjin, Shandong, Hebei and Ningxia, with whom we have had long term relationships. To ensure that we have adequate supplies of quality grapes and grape juice to support our expected increase in production capacity, we will work with grape farmers, with whom we have long term relationships, on enlarging their vineyards to increase harvests and also identify new suppliers who can match our quality requirements. Such measures will enable us to lower the risk of our production being interrupted by environment factors, such as seasonality and extreme weather condition, affecting the quality of our grapes. We will also explore acquisition opportunities of grape juice suppliers in the PRC or overseas.

During the year, as a result of abundant grape supplies at lowered prices, the average cost of grape juice has decreased from RMB4,900 per tonne in 2003 to RMB4,400 per tonne in 2004. However, based on the prevalent demand and supply situation of grapes or grape juice, we expect the average cost of grape juice to increase in 2005.

## **Production capacity**

The expansion of our production capacity from 30,000 tonnes (equivalent to approximately 40.0 million bottles) to 50,000 tonnes (equivalent to approximately 66.7 million bottles) per annum is well in progress and is expected to be completed around mid-2006. The management will put all its efforts into ensuring the timely, or even early, completion of the project. In 2005, we will also commission a feasibility study on the establishment of a new production facility and we will also identify an appropriate site for that purpose. The new production facility, expected to be completed by the end of 2008, will further increase our production capacity to 70,000 tonnes (equivalent to approximately 93.3 million bottles) per annum.

## **Quality control**

We believe maintaining the high quality of our products is one of the keys to our success. To ensure the quality of our products, we implement a set of quality control standards for our wine products, from grape growing to sourcing of bottles and packaging boxes. Our quality control efforts and high operational and management standards are reflected in the minimal sales returns from our customers and our securing of the ISO9001 accreditation. We will continue to strengthen our controls to ensure the high quality of our products.

## BUSINESS OUTLOOK

Looking ahead, the Group will capitalise on the surging market demand of grape wine products in the PRC to maximize business growth. Leveraging on our solid foundation, reputable brand name, comprehensive product and market knowledge and extensive distribution network, we will further strengthen our leading position and grow our business in the grape wine market in the PRC. We expect to complete expanding our production capacity from 30,000 tonnes (equivalent to approximately 40.0 million bottles) to 50,000 tonnes (equivalent to approximately 66.7 million bottles) per annum by around mid-2006. The enlarged production capacity will enable us to promptly respond to the surge of market demand.

To fully exploit a market that promises us organic growth, we will explore appropriate acquisition opportunities in synergy with our business strategies to help us enhancing our shareholders' value. Leveraging on our competitive advantages and sound financial position, we have full confidence in delivering good results in the coming years.

## FINANCIAL REVIEW

### Turnover

During the year, we achieved encouraging growth in turnover due to increase in sales volume. The Group's turnover grew from approximately RMB708.6 million in 2003 to RMB852.9 million in 2004. The significant turnover surge was partly due to positive growth of the overall grape wine market in the PRC and partly due to the lower comparative base in second quarter of 2003 when our turnover was adversely impacted by the outbreak of Severe Acute Respiratory Syndrome ("SARS").

The Group's average ex-factory sales prices for red and white wine products per bottle (750ml) had been relatively stable, at approximately RMB22.1 (2003: RMB22.0). The average ex-factory sales prices of the Group's red wine products are, however, in general higher than the Group's white wine products. With consumers in the PRC having a prevalent preference for red wine products, the Group is able to set higher prices for its red wine products.

### Cost of sales

The following table sets forth the major components of our cost of sales:

	2004	2003
	%	%
Cost of raw materials		
● Grapes and grape juice	35.8	39.6
● Yeast and additives	1.9	1.7
● Packaging materials	26.2	24.6
● Others	1.5	1.7
Total cost of raw materials	65.4	67.6
Manufacturing overheads	13.3	12.1
Consumption tax	21.3	20.3
Total cost of sales	<u>100.0</u>	<u>100.0</u>

The major raw materials required by the Group in producing wine products are grapes, or grape juice, yeast and additives and packaging materials. During the year, as a result of abundant grape supplies at lowered prices, the average cost of grape juice decreased from RMB4,900 per tonne in 2003 to RMB4,400 per tonne in 2004. The average cost of packaging materials was relatively stable in 2004 as compared with the preceding year.

Manufacturing overheads consist primarily of depreciation or rental of fixed assets, supplies, utilities, repair and maintenance expenses, salaries and related personnel expenses for the production and related departments and other incidental expenses for production. During the year, manufacturing overheads did not fluctuate significantly as a percentage of our turnover.

The Group is subject to a 10% consumption tax on the invoiced sale amount.

## **Gross profit margin**

During the year, the overall gross margin attributable to the Group, calculated based on cost of sales inclusive of consumption tax over gross invoiced sales, amounted to approximately 53.1% (2003: 50.9%) while the gross margin of red wine products and white wine products were 53.9% and 40.1% respectively (2003: 52.5% and 39.9% respectively). The higher gross margin of the red wine products was attributable to their higher sales prices.

## **Distribution costs**

Distribution costs consist primarily of advertising and market promotion expenses, transportation and delivery charges in connection with the sales of wine products, salaries and related personnel expenses for the sales and marketing department and other incidental expenses. During the year, distribution costs increased in line with the Group's turnover and accounted for approximately 21.0% (2003: 22.4%) of the Group's turnover. In particular, advertising and market promotion expenses accounted for approximately 13.2% (2003: 14.7%) of the Group's turnover. We expect advertising and marketing promotion expenses to increase in the foreseeable future to allow the Group to sustain consumer awareness of the "Dynasty" brand and boost competitiveness and also to facilitate the launch of new products. We will, however, strive to keep the increase in line with the increase in turnover of the Group in the foreseeable future.

## **General and administrative expenses**

General and administrative expenses consist primarily of salaries and related personnel expenses for administrative, finance and human resources department, provision for doubtful debts and write off for obsolete inventories, depreciation and amortisation expense and other incidental administrative expenses.

During the year, general and administrative expenses remained relatively stable and accounted for approximately 4.7% (2003: 5.3%) of the Group's turnover. The Directors expect the Group's general and administrative expenses to increase in 2005 as additional costs in relation to legal, accounting and other requirements applicable to a listed company in Hong Kong will be incurred. However, given the anticipated increase in the Group's turnover, the Directors do not expect the Group's general and administrative expenses to increase significantly as a percentage of turnover.

## **Taxation expense**

Under the current laws of the Cayman Islands and the British Virgin Islands, neither the Company nor Grand Spirit Holdings Limited, a subsidiary directly held by the Company, is subject to tax on its income or capital gains. In addition, payment of dividends by either company is not subject to withholding tax in those jurisdictions. Pursuant to the PRC law, state enterprise income tax is

generally assessed at the statutory rate of 30% of the taxable income. The applicable tax rate for Dynasty Winery, our major operating subsidiary, however is 24%, which is the preferential income tax rate for foreign investment production enterprises established in a coastal economic development zone. The applicable income tax rate for Yu Huang, is the statutory rate of 30%. During the year, the effective income tax rate of the Group was slightly lowered to approximately 25.6% (2003: 27.0%).

## **Dividends**

Prior to the Reorganisation and placing and public offer, the board of directors of Dynasty Winery declared a special cash dividend of approximately RMB145.4 million on 8 November 2004. The declaration of dividends was considered a return of investments to the shareholders of Dynasty Winery for their long-term supports to the Group. This special dividend, comprising approximately RMB66.6 million in respect of undistributed retained earnings carried forward to 31 December 2003 and RMB78.8 million in respect of the net profit for the year ended 31 December 2004, was attributable to the then equity owners of Dynasty Winery. Approximately RMB66.6 million was paid in December 2004 and the remaining approximately RMB78.8 million was paid in April 2005.

Taking into account of the dividend of approximately RMB78.8 million in respect of the net profit for the year ended 31 December 2003 which was declared on 12 May 2004 and paid in July 2004, the total dividends declared during the year ended 31 December 2004 were approximately RMB224.2 million. All dividends were and will be paid out of the Group's internally generated cash flow from operating activities.

As the Company was recently listed on the Stock Exchange and the Group was not legally established until 13 January 2005, the Directors do not recommend the payment of dividend by the Company for the period from 29 July 2004 (date of incorporation) to 31 December 2004.

## **Cash flow**

In 2004, the Group's principal source of cash flow was derived from its operating activities. The Group's cash has principally been applied to fund capital expenditure, to pay dividends to shareholders and to repay an amount due to a former holding company in preparation of the placing and public offer.

The significant increase in cash inflow from operating activities from approximately RMB105.5 million in 2003 to approximately RMB192.2 million in 2004 was primarily attributable to the increase in turnover of the Group, with consumer spending rebounding after the subsidisation of the adverse impact caused by SARS as well as the effects of the changes in working capital, mainly other payables and accruals.

Net cash used in investment activities was primarily attributable to the acquisition of fixed assets pursuant to our expansion plan and amounted to approximately RMB87.9 million (2003: RMB30.5 million).

Net cash used in financing activities was primarily attributable to the payment of dividends to shareholders of approximately RMB145.4 million (2003: RMB76.1 million) and the repayment of an amount of approximately RMB41.3 million (2003: nil) due to a former holding company.

## **Dividend policy**

We intend to declare and pay dividends in the future. The payment and the amount of any dividends will be recommended by the Directors in accordance with the relevant rules and regulations and dependent on the Group's results of operations, cash flows, financial condition, acquisition opportunities, among others. Subject to the factors described above, the Board of

Directors currently intends to recommend at the relevant shareholders' meetings an annual dividend amount at approximately 30% to 50% of the net profit available for distribution to the shareholders in the foreseeable future.

## **Financial management and treasury policy**

As at 31 December 2004, almost all of the Group's assets, liabilities, revenues and expenses are denominated in RMB. There is no significant exposure to foreign exchange fluctuation accordingly. With the strong cash and bank balances, we are in a net cash position and thus are exposed to minimal financial risk on interest rate fluctuation.

As at the date of this announcement, almost all of our cash and bank balances are denominated either in RMB, Hong Kong dollars or United States dollars. The proceeds from the placing and public offer that were not already used for the intended purposes have been placed on short term deposits with authorised financial institutions in Hong Kong. The Group has established an investment policy with the objective of monitoring the investments of the Group's uncommitted funds to ensure the achievement of the highest practicable return on the investments with priority on liquidity and capital preservation.

## **Capital structure**

For the year ended 31 December 2004, the Group financed its operations and capital expenditures with its operating cash inflow and did not heavily rely on external borrowings. The Group's gearing ratio calculated as total borrowings to shareholders' fund remained stable at 3.4% (2003: 3.0%). Upon the completion of the placing and public offer, the net proceeds from our listing further strengthened our capital structure and we expect our cash to be sufficient for meeting our operating and capital expenditure requirements in the foreseeable future.

## **Capital commitments, contingencies and charges on assets**

The Group has made capital expenditure commitments mainly for machineries of approximately RMB14.4 million which are authorised but not contracted for and approximately RMB8.7 million which are contracted but not provided for in the financial statements as at 31 December 2004. These commitments, mainly related to the expansion of the Group's production capacity, are expected to be paid within one year. The funding of such capital commitments will be sourced from the proceeds generated from the placing and public offer or cash flow internally generated from operating activities.

As at 31 December 2004, the Group had no material contingent liabilities and had not pledged any assets.

## **Staff and remuneration policies**

People are our most important assets and are indispensable to our success in the competitive marketplace. As part of our corporate culture, we strive to ensure a strong team spirit among our employees for them to contribute towards our corporate objectives. In achieving that goal, we offer competitive remuneration packages commensurate with industry level and provide various fringe benefits, including trainings, medical, insurance coverage as well as retirement benefits to all employees in Hong Kong and in the PRC.

As at 31 December 2004, we employed a work force of 352 staff (including Directors) in Hong Kong and the PRC. During the year, the total staff costs amounted to approximately RMB37.1 million (2003: RMB35.5 million).

The Company also adopted a share option scheme on 6 December 2004 for the purposes of providing incentives and rewards to eligible participants who have contributed to the success of our operations. The Directors may, at their discretion, invite any Directors or employees of the Group and other selected participants, as set out in the scheme, to subscribe for shares of the Company. Up to the date of this announcement, 23,100,000 share options were granted under the scheme.

## **ANNUAL GENERAL MEETING**

The annual general meeting (the “AGM”) of the Company will be held at Chater Room, Second Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Friday, 27 May 2005 at 11:00a.m.. For details of the AGM, please refer to the notice of AGM which will be published and dispatched to shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 25 May 2005 to 27 May 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for voting at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company’s share registrar, Tricor Investor Services Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30p.m. on 24 May 2005.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES**

There were no purchases, sales or redemptions of the Company’s listed securities by the Company or any of its subsidiaries during the year.

## **AUDIT COMMITTEE**

The Audit Committee, comprising three independent non-executive directors, was formed on 10 August 2004. Written terms of reference of the Audit Committee based primarily on “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board of Directors. The Audit Committee provides an important link between the Board of Directors and the Company’s auditors in matters coming within the scope of the audit of the Company and the Group. It will review the effectiveness of the external audit and of internal controls and risk evaluation and will provide comments and advice to the Board of Directors. The audit committee has reviewed the audited accounts for the year ended 31 December 2004.

## **CODE OF BEST PRACTICE**

Throughout the period between 29 July 2004 (date of incorporation of the Company) and 31 December 2004, in the opinion of the Directors, the Company has complied with the Code of Best Practice (the “Code”) as set out in Appendix 14 of the Listing Rules as effective during the said period, except that the audit committee was set up on 10 August 2004.

## **PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE**

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

## APPRECIATION

The Board would like to take this opportunity to express gratitude to our employees for their hard work and commitment to the Group. We also thank our shareholders, customers and suppliers for their continued support.

By order of the Board  
**He Xiuheng**  
Chairman

Hong Kong, 21 April 2005

*As at the date of this announcement, the Board of Directors comprises of 5 executive directors, namely, Mr. He Xiuheng, Mr. Gao Xiaode, Mr. Nie Jiansheng, Mr. Bai Zhisheng and Mr. Chen Naiming, 6 non-executive directors, namely, Mr. Heriard-Dubreuil Francois, Mr. Wang Guanghao, Mr. Cheung Wai Ying, Benny, Mr. Zhang Wenlin, Mr. Wong Ching Chung and Mr. Robert Luc, and 3 independent non-executive directors, namely, Mr. Lai Ming, Joseph, Mr. Hui Ho Ming, Herbert and Mr. Chau Ka Wah, Arthur.*

*Please also refer to the published version of this announcement in the (**South China Morning Post**)*