



# YANION INTERNATIONAL HOLDINGS LIMITED

(益安國際集團有限公司)\*

(Incorporated in Bermuda with limited liability)

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2001

Further to the announcements dated 25 April 2002, 27 June 2002 and 31 July 2002 relating to the postponement of release of results, the directors of Yanion International Holdings Limited (the “Company”) announce that the audited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2001 as follows:

### RESULTS FOR THE YEAR

|   | Notes | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|-------|------------------|------------------|
| TURNOVER  | 2     | 175,486          | 288,913          |
| Cost of sales   |       | (162,852)        | (261,000)        |
| Gross profit  |       | 12,634           | 27,913           |
| Other revenue   |       | 2,651            | 2,040            |
| Selling and distribution costs                                    |       | (8,121)          | (17,787)         |
| Administrative expenses   |       | (46,745)         | (44,131)         |
| Provision for impairment in value of fixed assets                 |       | (3,503)          | (1,601)          |
| Provision for impairment in value of goodwill                     |       | (21,047)         | –                |
| Amortisation of goodwill  |       | (5,656)          | –                |
| Other operating expenses  |       | (2,687)          | (3,592)          |
| LOSS FROM OPERATING ACTIVITIES                                    | 3     | (72,474)         | (37,158)         |
| Finance costs   | 4     | (3,344)          | (4,399)          |
| LOSS BEFORE TAX   |       | (75,818)         | (41,557)         |
| Tax   | 5     | (69)             | (1,156)          |
| LOSS BEFORE MINORITY INTERESTS                                    |       | (75,887)         | (42,713)         |
| Minority interests  |       | (310)            | (1,001)          |
| NET LOSS FROM ORDINARY ACTIVITIES<br>ATTRIBUTABLE TO SHAREHOLDERS |       | (76,197)         | (43,714)         |
| LOSS PER SHARE  | 6     |                  |                  |
| Basic   |       | (19.2 cents)     | (31.9 cents)     |
| Diluted   |       | N/A              | N/A              |

## NOTES

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The following recently issued and revised Statements of Standard Accounting Practice (the “SSAPs”) are effective for the first time for the consolidated financial statements for the year ended 31 December 2001.

|                  |   |   |
|------------------|---|---|
| SSAP 9 (Revised) | : | Events after the balance sheet date   |
| SSAP14 (Revised) | : | Leases  |
| SSAP17 (Revised) | : | Property, plant and equipment   |
| SSAP26           | : | Segment reporting   |
| SSAP28           | : | Provisions, contingent liabilities and contingent assets                        |
| SSAP29           | : | Intangible assets   |
| SSAP30           | : | Business combinations   |
| SSAP31           | : | Impairment of assets  |
| SSAP32           | : | Consolidated financial statements and accounting for investment in subsidiaries |

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group’s accounting policies and on the amounts disclosed in the financial statements are summarized in the annual report to be published.

### 2. SEGMENT INFORMATION

An analysis of the Group’s turnover and results by products and geographical areas are summarised as follows:

|   | Manufacture<br>and trading of<br>CD/VCD players<br>and mechanisms,<br>amplifiers,<br>computer peripherals |          | Manufacture<br>and trading of car<br>audio mechanisms,<br>cassette deck<br>mechanisms and<br>related products |          | Manufacture<br>and trading of<br>personal office<br>appliances and<br>medical devices |          | Trading of<br>Internet phone sets<br>and provision of<br>related services |          | Consolidated    |                 |
|---|---|----------|---|----------|---|----------|---|----------|-----------------|-----------------|
|   | 2001  | 2000     | 2001  | 2000     | 2001  | 2000     | 2001  | 2000     | 2001            | 2000            |
|   | HK\$'000  | HK\$'000 | HK\$'000  | HK\$'000 | HK\$'000  | HK\$'000 | HK\$'000  | HK\$'000 | HK\$'000        | HK\$'000        |
| Segment revenue   |   |          |   |          |   |          |   |          |                 |                 |
| Sales to external customers                                       | <b>84,985</b>   | 114,746  | <b>58,588</b>   | 111,320  | <b>30,266</b>   | 62,847   | <b>1,647</b>  | –        | <b>175,486</b>  | 288,913         |
| Segment results   | <b>(24,019)</b>   | (20,959) | <b>(8,229)</b>  | (10,420) | <b>(1,485)</b>  | 2,373    | <b>(26,620)</b>   | –        | <b>(60,353)</b> | (29,006)        |
| Interest income   |   |          |   |          |   |          |   |          | <b>1,149</b>    | 939             |
| Unallocated expenses  |   |          |   |          |   |          |   |          | <b>(13,270)</b> | (9,091)         |
| Loss from operating activities                                    |   |          |   |          |   |          |   |          | <b>(72,474)</b> | (37,158)        |
| Finance costs   |   |          |   |          |   |          |   |          | <b>(3,344)</b>  | (4,399)         |
| Loss before tax   |   |          |   |          |   |          |   |          | <b>(75,818)</b> | (41,557)        |
| Tax   |   |          |   |          |   |          |   |          | <b>(69)</b>     | (1,156)         |
| Loss before minority interests                                    |   |          |   |          |   |          |   |          | <b>(75,887)</b> | (42,713)        |
| Minority interests  |   |          |   |          |   |          |   |          | <b>(310)</b>    | (1,001)         |
| Net loss from ordinary activities<br>attributable to shareholders |   |          |   |          |   |          |   |          | <b>(76,197)</b> | <b>(43,714)</b> |

|                             | Hong Kong      |                 | PRC             |                | Other<br>Asian countries |                | Europe          |                | America        |                | Consolidated    |                 |
|-----------------------------|----------------|-----------------|-----------------|----------------|--------------------------|----------------|-----------------|----------------|----------------|----------------|-----------------|-----------------|
|                             | 2001           | 2000            | 2001            | 2000           | 2001                     | 2000           | 2001            | 2000           | 2001           | 2000           | 2001            | 2000            |
|                             | HK\$'000       | HK\$'000        | HK\$'000        | HK\$'000       | HK\$'000                 | HK\$'000       | HK\$'000        | HK\$'000       | HK\$'000       | HK\$'000       | HK\$'000        | HK\$'000        |
| Segment revenue             |                |                 |                 |                |                          |                |                 |                |                |                |                 |                 |
| Sales to external customers | <u>36,744</u>  | <u>83,614</u>   | <u>23,851</u>   | <u>43,641</u>  | <u>13,321</u>            | <u>34,936</u>  | <u>71,404</u>   | <u>59,657</u>  | <u>30,166</u>  | <u>67,065</u>  | <u>175,486</u>  | <u>288,913</u>  |
| Segment results             | <u>(6,311)</u> | <u>(10,309)</u> | <u>(29,666)</u> | <u>(3,358)</u> | <u>(3,066)</u>           | <u>(4,340)</u> | <u>(16,721)</u> | <u>(8,782)</u> | <u>(4,589)</u> | <u>(2,217)</u> | <u>(60,353)</u> | <u>(29,006)</u> |

### 3. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

|   | 2001<br>HK\$'000     | 2000<br>HK\$'000 |
|---|----------------------|------------------|
| Cost of inventories sold                        | <b>148,880</b>       | 248,305          |
| Provision against inventories                   | <b>9,504</b>         | 4,697            |
| Deferred development costs:                     |                      |                  |
| Amortisation for the year                       | <b>4,468</b>         | 6,694            |
| Impairment arising during the year              | –                    | 1,304            |
| Depreciation                                    | <b>13,526</b>        | 16,524           |
| Operating lease rentals for land and buildings  | <b>8,995</b>         | 8,607            |
| Less: Amount capitalized                        | <b>(229)</b>         | (759)            |
|   | <u><b>8,766</b></u>  | <u>7,848</u>     |
| Auditors' remuneration                          | <b>780</b>           | 780              |
| Staff costs (excluding directors' remuneration) |                      |                  |
| Salaries and wages                              | <b>30,471</b>        | 32,588           |
| Mandatory Provident Fund scheme contributions   | <b>555</b>           | 45               |
| Less: Amount capitalized                        | <b>(524)</b>         | (2,704)          |
|   | <u><b>30,502</b></u> | <u>29,929</u>    |
| Provision for doubtful debts                    | <b>2,687</b>         | 3,051            |
| Loss on disposal of fixed assets                | –                    | 927              |
| Loss on disposal of a subsidiary                | –                    | 541              |
| Exchange losses, net                            | <u><b>115</b></u>    | <u>1,030</u>     |

### 4. FINANCE COSTS

|   | 2001<br>HK\$'000    | 2000<br>HK\$'000 |
|---|---------------------|------------------|
| Interest on bank loans, overdrafts and other borrowings |                     |                  |
| wholly repayable within five years                      | <b>3,181</b>        | 4,184            |
| Interest on finance leases                              | <b>163</b>          | 215              |
|   | <u><b>3,344</b></u> | <u>4,399</u>     |

## 5. TAX

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

|                           | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---------------------------|------------------|------------------|
| Current year's provision: |                  |                  |
| Hong Kong                 | 139              | 409              |
| Elsewhere                 | 135              | 747              |
| Deferred                  | (205)            | —                |
|                           | <hr/>            | <hr/>            |
| Tax charge for the year   | <b>69</b>        | <b>1,156</b>     |

## 6. LOSS PER SHARE

The calculation of basis loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$76,197,000 (2000: HK\$43,714,000) and the weighted average of 397,849,029 (2000: 137,237,941) ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 31 December 2001 and 31 December 2000 have not been shown as the share options outstanding during both years had an anti-dilutive effect on the basic loss per share for both years.

## 7. DIVIDENDS

The directors of the Company (the “Directors”) do not recommend the payment of any dividend in respect of the year ended 31 December 2001.

## HIGHLIGHTS FROM AUDITORS' REPORT

Because of the significance of the possible effects of the scope limitation on the following matters which prevented the auditors of the Group (the “Auditors”) to form an opinion on the financial statements of the Group and the Company, the Auditors disclaimed their opinion on the financial statements of the Group and the Company for the year ended 31 December 2001. The Auditors' report will be included in the annual report to be despatched to shareholders of the Company on 23 August 2002.

Included in the balance sheet of the Group as at 31 December 2001 is a 27% equity interest in an associate, Global Cyber Limited (“Global Cyber”) with a carrying value of HK\$250 million. The principal assets of Global Cyber is its holding of 80% equity interest in a sino-foreign joint venture in the People's Republic of China (the “PRC”) which is principally engaged in research and development of video-on-demand (“VOD”) system in the PRC. The directors of Global Cyber and the Company became aware that the PRC party of the joint venture had applied to the State Intellectual Property Office of the PRC for registering a VOD chip in its own name, which may infringe the intellectual property rights of the VOD technology of the joint venture and is currently in dispute with the PRC party. In view of the dispute, no financial information of the joint venture have been made available for the Auditors to quantify the effect on the consolidated balance sheet and the consolidated profit and loss account of failing to properly equity account for the Group's share of net assets of Global Cyber as at 31 December 2001 and its results for the year then ended, including any goodwill arising from the acquisition of Global Cyber. Furthermore, the Auditors have also not been able to perform the procedures they consider necessary to satisfy themselves as to whether any provision is required to be made against the carrying value of the Group's interest in Global Cyber and any goodwill so arising from its acquisition as at 31 December 2001.

Included in the balance sheet of the Group is a deposit of HK\$90 million which is an amount paid to Korning Investments Limited (“Korning”) in September 2001 pursuant to a loan advance agreement to secure a bio-tech/pharmaceutical ventures (the “Pharmaceutical JV”) in the PRC. As a result of the acquisition of Korning after the balance sheet date, the amount paid to Korning would be used to partially offset the total consideration of HK\$99.84 million payable to the vendor of Korning. Due to the lack of sufficient documentary evidence, the Auditors have not been able to satisfy themselves as to the use of the deposit and, therefore, its eventual proper inclusion as part of the cost of the Pharmaceutical JV and to account for the entire amount as goodwill.

Included in the balance sheet of the Company is an amount due from a wholly-owned subsidiary of the Company of HK\$340 million to finance the acquisition of Global Cyber and the amount paid to Korning. As a result of the scope limitation detailed in the preceding two paragraphs, the Auditors have been unable to obtain sufficient information to assess the recoverability of this amount.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business review**

The Group’s turnover for the year of 2001 was HK\$175,486,000 (2000: HK\$288,913,000), decreased by about 39% as compared to the financial year of 2000. The loss attributable to shareholders during the year was HK\$76,197,000 (2000: HK\$43,714,000).

During the year, the overseas consumer confidence was directly affected by the economic depression in the major export areas in the world and the “September 11 incident” in the United States. Overseas orders dropped drastically and the performance of the export sales was poor. These various factors have inevitably resulted in a decline in the Group’s manufacturing business. Although the development of the newly invested business of the Group was also affected by the unstable market condition last year, the Board continued to actively pursue new business ventures. The Board principally targeted at business ventures in the Mainland China and considered that by converging the market potential and capturing business opportunities of desirable segments, the Group’s business scope would be diversified and the future business prospects for the Group would be enhanced.

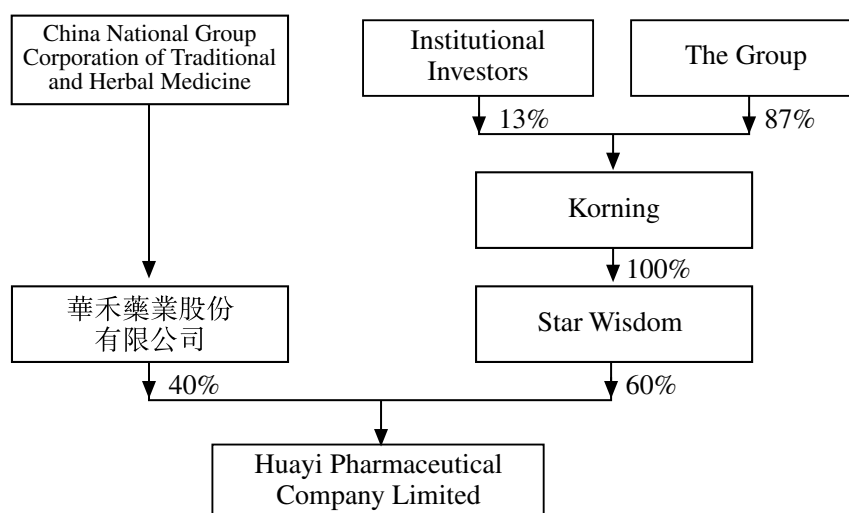
### **Manufacturing business**

The sales of the existing high-end audio and video product mix of the Group for the year of 2001, which included CD/VCD mechanism, CD players, VCD players, amplifiers and other high-end audio products amounted to HK\$84,985,000, representing 49% of the Group’s turnover (2000: HK\$114,746,000 and 40% respectively). The sales of components and parts, which included cassette deck mechanism, car audio mechanism, high precision spring and different types of metal and plastic parts, amounted to HK\$58,588,000, represented 33% of the Group’s turnover (2000: HK\$111,320,000 and 38% respectively). The sales of other non-audio products amounted to HK\$31,913,000, representing 18% of the Group’s turnover (2000: HK\$62,847,000 and 22% respectively).

Sales to Europe, America, Hong Kong and other Asia markets (including the PRC) for the Group were 41%, 17%, 21% and 21% respectively (2000: 21%, 23%, 29% and 27% respectively).

## Investment in pharmaceutical enterprise

Throughout 2001, the Group was actively looking for pharmaceutical projects with excellent potential. The Group entered into a conditional sale and purchase agreement and a supplemental agreement on 2 January 2002 and 11 April 2002 respectively for the acquisition of a 87% equity interest in Korning (the “Agreements”). Pursuant to the Agreements, a sino-foreign joint venture, 華頤藥業有限公司 (Huayi Pharmaceutical Company Limited), was set up on 26 July 2002 which beneficially owned 60% interest through Star Wisdom. The total investment and registered capital of Huayi Pharmaceutical Company Limited were both RMB126 million. The acquisition would in effect result in forming a cooperative partnership with China National Group Corporation of Traditional and Herbal Medicine (中國藥材集團公司). The structure of the joint venture is as follows:



Huayi Pharmaceutical Company Limited would, upon full establishment possess all intellectual properties of 16 medicines and related machineries and equipment, and working capital in excess of RMB60 million for business expansion upon full establishment. The Acquisition would enable the Group to establish a unique bonding with China National Group Corporation of Traditional and Herbal Medicine and enhance the Group’s long term competitive position in the pharmaceutical business in the PRC. China National Group Corporation of Traditional and Herbal Medicine is an authoritative and unequivocal leader in the Chinese pharmaceutical business in the PRC.

It was agreed that China National Group Corporation of Traditional and Herbal Medicine would use its best efforts and experience in the pharmaceutical business to help Huayi Pharmaceutical Company Limited to achieve a profit target of RMB50 million in the first 12 months of its establishment. As mentioned in the Group’s circular to its shareholders dated 3 May 2002, the total investment was approximately HK\$161,900,000 which included a premium of HK\$99,840,000 payable to an independent third party for the acquisition of its interest in Korning. Such premium would be capitalized and recorded as goodwill for the Group. In terms of total investment and based on the projected earnings of the joint venture in the first 12 months of its establishment, the price-earning ratio in respect of the investment is only 6.5 times, which compares favourably with market averages and is in the economic interest of the Group. The Board believes that the acquisition would broaden the business scope of the Group. The Board also believes that by leveraging the supply and distribution network of China National Group Corporation of Traditional and Herbal Medicine, the Group’s position in the pharmaceutical industry would be strengthened and the earning prospects could be secured. In the long term, the acquisition would be beneficial to the charting of a new business direction and diversification for the Group.

## **Liquidity and financial resources**

As at 31 December 2001, the Group's current assets amounted to HK\$81,724,000, representing a decrease of approximately HK\$47,708,000 as compared to the end of last year. Among these balances, accounts receivable decreased HK\$18,911,000 to HK\$9,575,000; inventories decreased HK\$21,757,000 to HK\$28,076,000; prepayments and other receivables dropped HK\$6,276,000 to HK\$3,813,000; cash and cash equivalents reduced HK\$1,233,000 to HK\$26,421,000.

Current liabilities amounted to HK\$69,234,000, representing a decrease of HK\$31,322,000 compared to the end of last year. Among them, accounts payable decreased HK\$17,769,000 to HK\$21,278,000; other payables and accruals reduced HK\$5,707,000 to HK\$17,766,000; interest-bearing bank loans and other borrowings dropped HK\$7,554,000 to HK\$26,271,000. Net current assets amounted to HK\$12,490,000, representing a decrease of HK\$16,386,000 as compared to the end of last year.

As for non-current assets, the amount was HK\$423,829,000, representing an increase of HK\$262,512,000 as compared to the end of last year. Among them, interests in associates increased HK\$250,000,000; Deposits raised HK\$101,500,000; long-term investments decreased HK\$80,000,000 to HK\$1,000,000; goodwill amounted to HK\$7,232,000; intangible assets reduced HK\$4,468,000 to HK\$1,085,000; fixed assets reduced HK\$11,752,000 to HK\$63,012,000. The Group's non-current liabilities were HK\$2,229,000, increased by HK\$1,263,000 as compared to the end of last year, resulting in the overall gearing ratio (the ratio of total liabilities to shareholders' equity) to be approximately 16%.

Generally speaking, the Group's assets were improved and the liabilities decreased significantly. The liquidity of the Group was able to maintain in a healthy condition and its financial resources kept on improving. The Board considered that raising funds by way of placing would enable the Group to allocate more resources to high earning potential and high growth businesses.

## **Pledge of assets**

As at 31 December 2001, the Group pledged to the bank an amount with total book value of HK\$21,924,000 (31 December 2000: HK\$21,668,000), including the industrial property located in Hong Kong with carrying amount of HK\$8,085,000 (31 December 2000: HK\$8,298,000) and bank deposits of approximately HK\$13,839,000 (31 December 2000: HK\$13,370,000), in order to secure against the Group's general bank facilities.

## **PROSPECTS**

Interest rates in major markets have been lowered worldwide since 2001 to stimulate the domestic consumption and investment appetite. Under this low-interest rate environment, it is expected that the economy of the major cities would start to recover from the second half year of 2002.

It is considered that the Group's investment in the pharmaceutical business would take advantage of the accession of China to the World Trade Organisation, the continuous and steady growth of China's economy and the increasing domestic income. Following the accession of China to the World Trade Organisation, the pharmaceutical industry in China would still be able to maintain its competitive advantage as described below. In terms of medical resources, Chinese wild herbal resources and ecological environment are protected by the State's protective policy. As certain imported Chinese herbs are successfully introduced for home grown, China's reliance on the import of such Chinese herbs is gradually reduced. In relation to the research and development of Chinese patent medicines, enterprises are setting up international standard

research centers and are developing international overseas market. In terms of intellectual property rights, there would be independent intellectual property protection over the Chinese patent medicines to provide larger rooms for industry development. The Group will make use of the synergic alliance with the leading pharmaceutical enterprise, China National Group Corporation of Traditional and Herbal Medicine, to explore more business opportunities including sales network expansion, research and development of new medicines, enhancing the management quality, marketing and promotion and establishing a brand name for the Chinese medicines.

For the conventional manufacturing business, the Group will strive to secure orders from international renowned customers. Having considered the strong earning foundation and excellent growth prospects, the Group believes that the pharmaceutical investment would bring a considerable profit contribution to the Group.

Looking into the future, the Group would principally focus on the development of the Greater China market. Given the emerging business opportunities, the Group would consider to raise more funds in the capital market to finance the new business project and business diversification development for the Group. By investing in more high growth and high potential projects in the future, the Group believes that return for shareholders can be maximized.

#### **PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

#### **CODE OF BEST PRACTICE**

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report.

#### **PUBLICATION OF DETAILS OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

All the detailed information regarding the final results of the Group for the year ended 31 December 2001 required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the "Stock Exchange") will be published on the website of the Stock Exchange in due course.

#### **APPRECIATION**

The Directors wish to express their sincere thanks to the bankers, customers, suppliers and all parties in the society for their support and to all staff of the Group for their hard work during the year.

By Order of the Board  
**Yanion International Holdings Limited**  
**Cheng Kwok Choi, Godwin**  
*Director*

Hong Kong, 12 August 2002

\* *for identification purposes only*



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Yanion International Holdings Limited (the “Company”) will be held at 10:00 a.m. on Monday, 16 September 2002 at Kenny Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong to transact the following ordinary business:

1. to receive and approve the audited financial statements, the reports of directors (the “Directors”), and report of the auditors for the year ended 31 December 2001;
2. to re-elect the retiring Directors and to authorise the board of Directors to fix the Directors’ remuneration;
3. to appoint the Company’s auditors and to authorise the board of Directors to fix their remuneration;

and, as special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

4. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period of all the powers of the Company to allot, issue and deal with the unissued shares (each a “Share”) of HK\$0.50 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize 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 options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Right Issue; or the exercise of subscription rights under the share option scheme of the Company; or any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:
  - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
  - (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing this resolution).

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest 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 the bye-laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in a general meeting.

“Right Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the Company’s register of members on a fixed record date in proportion to their holding of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to the fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

(5) **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period of all powers of the Company to purchase Shares in the capital of the Company on the Stock Exchange of Hong Kong or any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission of Hong Kong (the “SFC”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange, and all the application laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest 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 the bye-laws of the Company or any applicable law to be held; and
  - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in a general meeting.”

6. “**THAT** conditional on the passing of resolution numbered 4 above, the general mandate granted to the Directors of the Company pursuant to paragraph (a) of resolution numbered 4 above be and is hereby extended by the addition to the aggregate nominal amount of the Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of the resolution numbered 5 above.”
7. to transact any other ordinary business.

By order of the Board  
**Yanion International Holdings Limited**  
**Chiu Lai Chun, Rhoda**  
*Company Secretary*

Hong Kong, 12 August 2002

*Notes:*

- (a) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
- (b) To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company’s Hong Kong branch registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 48 hours before the time of the meeting or any adjourned meeting.
- (c) An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules will be set out in a separate document to be dispatched to the shareholders.

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