

RESULTS

The Board of Directors is pleased to report a remarkable growth in the Group's results for year 2002. Net profit from ordinary activities attributable to shareholders was HK\$78.00 million, increased by 127% over last year of HK\$34.43 million. Basic earnings per share were 6.2 HK cents, representing a rise of 121% as compared to 2.8 HK cents in year 2001.

DIVIDENDS

The Board of Directors recommends a final dividend of 1.0 HK cent per share for year 2002. This, together with the interim dividend of 1.0 HK cent per share paid during the year, gives a total dividend of 2.0 HK cents per share for year 2002 (2001: a total dividend of 1.0 HK cent per share). The proposed final dividend will be paid on 8 July 2003, subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting.

BUSINESS REVIEW

2002 was an encouraging year for the Group, with breakthrough achieved in sales volume and overall performance. The sales volume of beer in 2002 was 224 thousand tons, an increase of 63 thousand tons or 39.1% over 161 thousand tons in year 2001. This breakthrough was primarily attributable to the effective implementation of the Group's marketing strategies embracing "precise market segmentation, sound distribution network, operational prudence and excellence, and target-based management".

The Group has sponsored and participated in a wide spectrum of sports, cultural and art events during the year. These efforts effectively portrayed Kingway beer as a product closely associated with the leisure life and entertainment of consumers, and helped create stronger brand recognition and loyalty. Kingway beer was also rated by the Government as the "China Top Brand" in the category of beer products, highlighting its leading market position in Mainland China.

Our commitment to strict cost controls remained intact. Sourcing costs were effectively reduced as sourcing activities were carried out by way of public tender under the "Sunshine Program". Unit production cost per ton of beer was reduced to a record low level, following the Group's efforts to closely monitor various production technologies to ensure compliance with the economic efficiency criteria.

Focusing on financial performance and efficiency has been the thrust of our corporate culture. In line with our corporate culture, an incentive program directly linked to the Group's results was set up to motivate the staff and bring into full play their initiative. As a result, their overall performance and efficiency have improved significantly.

Disposal of loss-ridden business in which the Group has no controlling interest was made during the year. Central China (Asia) Investment Limited, the holding company which has a 50% interest in Amber Brewery, was sold by the Group on 29 November 2002. This transaction would bring positive impacts to the Group's profitability as the Group would not be required to share the loss of Amber Brewery following the completion of the disposal.

2003 OUTLOOK

The Group will continue to strive for enhanced integration and building of market, brand and distribution network, and focus on establishing strategic relationships with distributors that are mutually beneficial. Measures will also be taken to strengthen the market presence of Kingway beer in Shenzhen and the Pearl River Delta, and to reinforce the marketing efforts for Kingway beer in other areas of the Guangdong Province, Hong Kong, Macau and Taiwan. With these proactive policies in place, Kingway beer is able to enter a new horizon for growth in 2003, with sales volume and performance continuing to improve.

Demand for beer is expected to rise continuously in Guangdong, given the sustained economic development in Mainland China and, in particular, the rapid economic growth of the Pearl River Delta. The Management is assured of the development potential of Kingway beer in Guangdong, leveraging on the Group's existing advantages in terms of distribution network, brand recognition, infrastructure, technology and market share. The Group will study various strategic plans to underpin its expansion in the Guangdong Province. They include the investment plans to increase its shareholding in existing breweries, pursue takeover and merger, or set up new breweries.

In line with the Group's expansion strategy, on 28 March 2003, the Group acquired 10% interest and the minority shareholder's loan of Kingway Plant No. 2 from the minority shareholder for a total cash consideration of approximately HK\$70.7 million.

While competition in the Guangdong beer market is set to intensify, the Board of Directors and the management have confidence in leading the Group to create better value for shareholders, a shared vision actively pursued by the Group and all the staff.

Finally, I would like to thank all shareholders, consumers and distributors for their full support of the Group, and our staff for their dedication, loyal service and contributions during the year.

Ye Xuquan

Chairman

Hong Kong, 11 April 2003