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MINGLUN GROUP (HONG KONG) LIMITED

明倫集團（香港）有限公司*

(incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2003, POSTPONEMENT OF RELEASE OF THE AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2003 AND DESPATCH OF 2003 ANNUAL REPORT AND FINANCIAL STATEMENTS

The meeting of the board of directors of the Company to approve the release of the audited final results of the Company and its subsidiaries for the year ended 31 March 2003 has been postponed to on or before 6 August 2003.

The announcement of the audited final results of the Group for the year ended 31 March 2003 and the dispatch of the 2003 annual report including the audited financial statements of the Company will be postponed to on or before 6 August 2003 and 15 August 2003 respectively.

The directors of the Company acknowledge that the delay in publication of the audited annual results of the Company and its subsidiaries for the year ended 31 March 2003 and the dispatch of the 2003 annual report including the audited financial statements constitute breaches of paragraphs 8(1) and 11(1) of the Listing Agreement. The Stock Exchange reserves the right to take appropriate action against the Company and/or its directors.

Shareholders of the Company and potential investors are reminded to exercise caution in relation to the unaudited final results below, as they are unaudited figures only and may be different from the audited Final Results.

POSTPONEMENT OF RELEASE OF THE AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2003 AND DESPATCH OF 2003 ANNUAL REPORT AND FINANCIAL STATEMENTS

On 24 July 2003, the shareholders of Minglun Group (Hong Kong) Limited (the "Company") approved the removal of the then existing auditors of the Company, Messrs Ernst & Young, Certified Public Accountants, and approved the appointment of Messrs HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, as the auditors of the Company with effect from 24 July 2003 at a special general meeting of the Company.

The board of directors (the “Directors”) of the Company announces that they have agreed with Messrs HLB Hodgson Impey Cheng, the auditors of the Company that more time will be required by HLB Hodgson Impey Cheng to complete certain audit procedures (including outstanding audit work on alternative audit procedures for unconfirmed balances and subsequent event review procedures) and to obtain certain audit confirmation replies (including certain bank confirmations in respect of bank deposits, debtor confirmations and creditor confirmations) in order for them to finalise auditing the final results (the “Final Results”) of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2003. In the circumstances, the meeting of the Directors for approving the Final Results, the publication of the Final Results in the newspapers and the dispatch of the 2003 annual report and audited financial statements of the Company and the Group will be delayed.

Subject to the finalisation of the audit of the Final Results by the auditors on or before 6 August 2003, the Directors expect that (i) the Final Results will be available for the Directors to consider and approve on or before 6 August 2003; (ii) the announcement of the Final Results will be made on or before 6 August 2003; (iii) the 2003 annual report and audited financial statements of the Company will be dispatched on or before 15 August 2003; and (iv) the annual general meeting of the Company will be held on or about 24 September 2003.

The Directors confirmed that as at the date of this Announcement and so far as the Directors are aware, there are no circumstances which shall be brought to the attention of the creditors and shareholders of the Company and the Company has not been notified by HLB Hodgson Impey Cheng, the auditors of the Company that the Final Results will be qualified. Prior to their removal by the Company, Ernst & Young has not indicated to the Company that they intend to issue a qualified report on the financial statements of the Group for the year ended 31 March 2003. The Company and its auditors, HLB Hodgson Impey Cheng, have not received any management letter or any other comments from Ernst & Young which would affect adversely the audit of financial statements of the Group for the year ended 31 March 2003. The Company undertakes that upon the receipt of the clearance letter from Ernst & Young and if the Directors are aware of any information regarding the change of auditors which should be brought to the attention of shareholders and creditors of the Group, a further announcement will be made immediately.

The Directors acknowledge that the delay in publication of the audited Final Results and the dispatch of the 2003 annual report and the audited financial statements constitute breaches of paragraphs 8(1) and 11(1) of the Listing Agreement. The Stock Exchange reserves the right to take appropriate action against the Company and/or its directors for the above-mentioned breaches.

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2003

The Directors announce that the unaudited final results of the Group for the year ended 31 March 2003, which have been reviewed by two members of the audit committee of the Company (namely, Messrs Wong Hing Tat and Kwong Chi Ho), and which may or may not be subject to material changes upon the completion of the audit of such results, are as follows:

	<i>Notes</i>	Unaudited 2003 HK\$'000	Audited 2002 HK\$'000
Turnover		520,857	518,281
Cost of sales		(494,549)	(484,478)
Gross profit		26,308	33,803
Other revenue		1,457	1,213
Selling and distribution expenses		(6,762)	(11,254)
Administrative expenses		(12,110)	(11,057)
Other operating expenses		–	(1,329)
Profit from operating activities		8,893	11,376
Profit from disposal of subsidiaries		1,973	–
Profit before finance costs and tax		10,866	11,376
Finance costs		(138)	(811)
Profit before tax		10,728	10,565
Tax	2	(2,179)	(1,666)
Net profit from ordinary activities attributable to shareholders		8,549	8,899
Earnings per share – Basic	3	HK0.9 cent	HK0.9 cent

Notes:

1. Basis of presentation

The consolidated results of the Group have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice (“SSAPs”) and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention.

The following new and revised SSAPs are effective for the first time for the current year's financial statements:

SSAP 1 (revised)	Presentation of financial statements
SSAP 11 (revised)	Foreign currency translation
SSAP 15 (revised)	Cash flow statements
SSAP 33	Discontinuing operations
SSAP 34	Employee benefits

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs, which have had a significant effect on the financial statements, are summarised as follows:

SSAP 1 (revised) prescribed the basis for presentation of financial statements and sets out guidelines for their structure and minimum requirements of the content thereof. The main revision to this SSAP is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity.

SSAP 11 (revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries are now translated into Hong Kong dollars at the weighted average exchange rates for the whereas previously they were translated into the exchange rates at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements.

SSAP 15 (revised) prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. In addition, the definition of cash equivalents for the purpose of the consolidated cash flow statement has been revised.

SSAP 33 replaces the existing disclosure requirements for discontinuing operations, which were previously included in SSAP 2. The SSAP defines discontinuing operations and prescribes when an enterprise should commence including discontinuing operations disclosures in its financial statements and the disclosures required. The principal impact of the SSAP is that more extensive disclosures concerning the Group's discontinued operations are now included in the financial statements.

SSAP 34 prescribed the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has resulted in no material change to the previously adopted accounting treatments for employee benefits. In addition, disclosures are required in respect of the Company's share option scheme.

2. Tax

	Unaudited 2003 <i>HK\$'000</i>	Audited 2002 <i>HK\$'000</i>
Current year provision:		
Hong Kong	–	594
Elsewhere	2,602	1,643
Overprovision in prior years	(423)	(689)
Deferred tax	–	118
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Tax charge for the year	<u>2,179</u>	<u>1,666</u>

No provision for Hong Kong profits tax has been made as the Group did not have assessable profits for the year (2002: 16%). 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.

3. Earnings per share

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders for the year of HK\$8,549,000 (2002: HK\$8,899,000) and the number of 1,000,000,000 (2002: adjusted weighted average of 993,835,615) ordinary shares currently in issue after subdivision of each of the issued and unissued shares into five subdivided shares on 17 June 2003. The earnings per share for 2002 has been adjusted accordingly.

Diluted earnings per share amount for the year ended 31 March 2003 has not been presented as the effect of the assumed conversion of the Company's outstanding share options would be anti-dilutive.

Diluted earnings per share amount for the year ended 31 March 2002 has not been presented as there were no potential dilutive ordinary shares in existence during the year ended 31 March 2002.

Shareholders of the Company and potential investors are reminded to exercise caution in relation to the unaudited final results above, as they are unaudited figures only and may be different from the audited Final Results.

GENERAL

The Directors (except Mr Zhou Yiming and Mr Lu Zhiming who could not be contacted at the date of this announcement) confirmed that they have not been dealing in any shares of the Company since 19 October 2002 and have undertaken that they will not deal in any shares of the Company until the Final Results are published. Based on the information as recorded in the register required to be kept by the Company under Section 352 of the Securities and Futures Ordinance, both Mr Zhou Yiming and Mr Lu Zhiming have not dealt in the shares of the Company since 19 October 2002. If the Company becomes aware of any dealings in the shares of the Company by Mr Zhou Yiming and Mr Lu Zhiming during the one month immediately preceding the deadline for the Company to publish the Final Results as required under the Listing Agreement and ending on the date of publication of Final Results, the Company undertakes to issue a public announcement immediately.

By Order of the Board
Minglun Group (Hong Kong) Limited
Cheung Wai Yin Wilson
Deputy Chairman

Hong Kong, 30 July 2003

* *For identification purpose only*

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