



KIN DON

KIN DON HOLDINGS LIMITED

金盾集團控股有限公司*

(incorporated in the Cayman Islands with limited liability)

**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 30 NOVEMBER 2002**

RESULTS

The Board of Directors (the “Directors”) of Kin Don Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 November 2002 together with comparative figures for the previous year as follows:

	<i>Notes</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
TURNOVER	<i>1</i>	824	1,681
Cost of sales		(599)	(2,533)
Gross profit/(loss)		225	(852)
Other revenue and gains		2,102	703
Selling and distribution costs		(90)	(183)
Administrative expenses		(8,543)	(14,010)
Other operating expenses		(5,759)	(6,715)
LOSS FROM OPERATING ACTIVITIES	<i>2</i>	(12,065)	(21,057)
Finance costs		(2,131)	(12,249)
Gain on disposal of subsidiaries		33,658	252
Gain on a debt restructuring		–	18,114
Share of results of jointly - controlled entities		–	–
PROFIT/(LOSS) BEFORE TAX		19,462	(14,940)
Tax	<i>3</i>	–	–
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		19,462	(14,940)
Minority interests		163	6,173

NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>19,625</u>	<u>(8,767)</u>
EARNINGS/(LOSS) PER SHARE	4		
– Basic		<u>HK 0.33 cent</u>	<u>HK (0.44 cent)</u>
– Diluted		<u>HK 0.20 cent</u>	<u>N/A</u>

Notes

1. TURNOVER

Turnover represents the invoiced value of goods sold, after allowances for returns and trade discounts.

2. LOSS FROM OPERATING ACTIVITIES

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

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Depreciation	1,200	1,130
Unrealised losses on short term investments	1,984	–
Gain on disposal of short term investments	<u>(975)</u>	<u>(138)</u>

3. TAX

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits during the year (2001: Nil).

4. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share for the year ended 30 November 2002 is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$19,625,000 (2001: loss of HK\$8,767,000) and the weighted average of 5,950,372,434 (2001: 1,974,226,444) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 30 November 2002 is based on the net profit attributable to shareholders for the year of HK\$19,625,000. The weighted average number of ordinary shares used in the calculation is 9,950,372,434, being the weighted average of 5,950,372,434 ordinary shares in issue during the year as used in the basic earnings per share calculation and assuming that the 4,000,000,000 convertible preference shares had been converted into ordinary shares at the rate of one ordinary share for every one convertible preference share.

The diluted loss per share for the year 2001 is not shown because the Company's outstanding convertible preference shares were anti-dilutive.

EXTRACT OF AUDITORS' REPORT

In the auditors' opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 30 November 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance. However, without qualifying their opinion, the auditors draw attention to the fact that because their opinion dated 7 January 2002 on the loss and cash flows of the Group for the year ended 30 November 2001 was qualified for the scope limitation reasons summarized in the basis of opinion section therein, any adjustments in respect of the scope limitations found to be necessary to the opening net liabilities of the Company and of the Group as at 1 December 2000 would have had a consequential effect on the results of the Company and of the Group for the year ended 30 November 2001. Accordingly, the comparative amounts shown in these financial statements may not be comparable with the amounts for the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

As stated in our 2002 interim report, the Group is now in the process of evaluating its core business and opportunities in the diversification into new business areas since the completion of restructuring and fund raising last year. This explains for the reason of the relative low level of business activities for the year ended 30 November 2002. Turnover of the Group for the year was about HK\$824,000 representing a drop of 51% from last year. Nevertheless, as management successfully disposed of two subsidiaries not required by the Group under its current mode of operation generating a gain of about HK\$34 million and also successfully implemented effective cost control measures resulting in that total operating expenses for the year were substantially reduced by about HK\$6 million to about HK\$14 million, the Group finally attained an overall net profit of approximately HK\$20 million for the full fiscal 2002.

Liquidity and resources

The Group has financed its business development by means of internal resources with unutilised cash and bank balances of approximately HK\$43 million as at 30 November 2002. Total borrowings of the Group, which are all indebted by its PRC subsidiaries and are not guaranteed by the Company, amounted to approximately HK\$11 million at the balance sheet date and gearing ratio expressed as a percentage of total borrowings of approximately HK\$11 million over net asset value of approximately HK\$35 million was substantially improved from 84% in 2001 to 32% following the disposal of subsidiaries. The relative strong cash position and low gearing ratio reflect the financially healthy status of the Group.

Pledge of assets

As at 30 November 2002, certain assets of the Group with an aggregate net book value of approximately HK\$9,253,000 were pledged to secure credit facilities granted to the Group.

Employees

As at 30 November 2002, the total number of employees of the Group was about 20. The Group continues to adopt the same remuneration policy as last year with reference to prevailing market practice and basing on the individual performance, working experience and degree of hardship of the employees.

Prospects

The Group has consistently adopted a careful and prudent approach in the activation and diversification of its business in order to protect the shareholders' value of investment. Under the progress of our current development plan with a primary focus in China, our objective of activating the Group's business in various different areas of high growth and return will soon be materialized.

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Group for the year ended 30 November 2002 containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange of Hong Kong Limited in due course.

ON BEHALF OF THE BOARD
Yeung Kwok Kwong
Chairman

Hong Kong, 28 March 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2003 Annual General Meeting of the Company will be held at basement Function Room I of Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 19 May 2003 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and of the Auditors for the year ended 30 November 2002;
2. To re-elect retiring Directors and to authorise the Board of Directors to fix Directors' remuneration;
3. To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration;
4. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase its ordinary shares (“Shares”), subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of the Shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the ordinary share capital of the Company in issue on the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the ordinary shareholders of the Company in general meeting; and
- (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the laws of the Cayman Islands to be held.”;

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) the exercise by the Directors during the Relevant Period of all the powers of the Company to issue, allot and otherwise deal with additional Shares of the Company and to make or grant offers, agreements and options which would or might require Shares to be allotted, issued or otherwise deal with during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to a rights issue where Shares are offered to ordinary shareholders on a fixed record date in proportion to their then holdings of Shares (subject to such exclusions or other arrangements as the Directors 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 outside Hong Kong) or any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares of the Company, the total nominal amount of additional Shares issued, allotted or otherwise deal with or agreed conditionally or unconditionally to be issued, allotted or otherwise deal with (whether pursuant to an option or otherwise) shall not in total exceed 20% of the total nominal amount of the ordinary share capital of the Company in issue on the date of passing this Resolution and the said approval shall be limited accordingly; and
- (b) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the ordinary shareholders of the Company in general meeting; and
- (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the laws of the Cayman Islands to be held,” and

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT the general mandate granted to the Directors of the Company pursuant to Resolution 5 above and for the time being in force to exercise the powers of the Company to issue, allot or otherwise deal with additional Shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of Shares in the capital of the Company repurchased by the Company since the granting of such general mandate referred to in the above Resolution 4 pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such Shares, provided that such amount shall not exceed 10% of the total nominal amount of the ordinary share capital of the Company in issue on the date of passing this Resolution.”

By Order of the Board
Yeung Kwok Kwong
Chairman

Hong Kong, 28 March 2003

Notes:

1. The register of members of the Company will be closed from Friday, 16 May 2003 to Monday, 19 May 2003 (both days inclusive) during which period no transfer of Shares will be registered. In order to attend the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Tengis Limited, G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 15 May 2003.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy so appointed.
3. The instrument appointing a proxy and the 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 lodged with the Company’s share registrar in Hong Kong, Tengis Limited, G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
4. An circular containing further details regarding Resolutions Nos. 4 to 6 above will be despatched to shareholders together with the 2002 Annual Report.

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