CHINA UNICOM LIMITED

(Incorporated in Hong Kong with limited liability)

2000 ANNUAL RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

China's telecommunications industry grew with huge momentum in year 2000, driven by the continued steady growth of China's economy and the deepening reform, improved regulations and emergence of an orderly competitive landscape in the industry. China Unicom Limited (the "Company") took full advantage of the above opportunities, and through constant innovation and aggressive expansion, achieved impressive results in its business development, profitability and corporate governance.

The Company achieved impressive financial results in year 2000. Total revenue for year 2000 amounted to RMB23,690 million, up 35.8% from the previous year. Cellular business contributed RMB12,880 million to our revenue, up 120.6% from 1999 and has become the Company's major source of revenue; revenue from long distance, data, and Internet businesses rose 12.9 times from the previous year to reach RMB1,100 million, offering the Company new sources of growth. Cellular revenue as a percentage of total revenue increased from 33.5% in 1999 to 54.4%. Long distance, data, and Internet businesses increased their share of total revenue from 0.5% in 1999 to 4.6%, while the contribution of paging business decreased from 66.0% in 1999 to 41.0%. The rapidly increasing revenue went hand in hand with the effective control over our operating costs, leading to remarkable improvement in operational profitability. Operating margin increased from 16.1% in 1999 to 22.0%. Adjusted EBITDA reached RMB10,960 million, up 68.4% from 1999, and EBITDA margin increased from 37.3% in 1999 to 46.2%. Net income reached RMB3,230 million, up 2.9 times from 1999, and basic net income per share increased from RMB0.09 in 1999 to RMB0.29 in 2000.

OVERVIEW

China Unicom leveraged its unique strength as an integrated competitive telecommunications service provider and its technological and marketing prowess in gaining a strong market position in key business areas such as cellular, data, long distance and paging.

The Company further expanded its GSM network capacity and coverage. Network quality showed marked improvement and GSM services experienced rapid development and strong subscriber growth. By the end of 2000, Unicom cellular subscribers reached 12,772,000, up 207.7% from 1999. Our market share in our service areas rose from 14.2% to 22.7%, while our share of net subscriber additions increased to 32.0%.

The Company's long distance, data, IP telephony and Internet networks have achieved national scale in just one year. By the end of 2000, our long distance network reached 226 major cities. Our data, IP telephony and Internet networks expanded to 231 cities, offering leased line, Asynchronous Transfer Mode ("ATM"), Frame Relay ("FR"), Virtual Private Network ("VPN"), and Internet services. As the service area expanded, our various businesses showed promising development trends. In 2000, total outgoing VoIP calls and PSTN long distance calls amounted to 930 million minutes, up 9.3 times from 1999. In addition, 280 million minutes of international incoming calls were received.

The Company's paging business maintained its growth and dominant market position despite the industry's intensified competition. By the end of 2000, our subscribers reached 44.52 million, up 1.02 million from 1999, representing an approximately 54.0% market share.

The Company has completed the construction of the nation's second largest optical fibre network to serve as the common network platform for the Company's cellular, international and domestic long distance, data and Internet businesses. By the end of 2000, the total length of our optical fibre network reached 156,000 km, including 56,000 km of optical fibre backbone network connecting more than 250 cities nationwide. The Company also actively participated in the construction of international optical fibre networks, and provided international services through the three international gateways of China United Telecommunications Corporation (the "Unicom Group"). Furthermore, we have launched the construction of metropolitan area networks and broadband access networks in 119 cities.

The Company has drawn on international expertise and benchmarked itself against the best practices of the international telecommunications industry. We established an organisational structure that is customer oriented, suitable for telecommunication operations and supportive to business growth. We have also implemented a senior management share option incentive scheme and refined our internal management systems according to international standards. By leveraging on our integrated strength, optimising resource allocation, improving operational management and tightening cost control, we made further headway in our resource utilisation efficiency and labour productivity. Construction and operating costs are in a downward trend and operational efficiency attained significant improvement.

In June 2000, after a series of restructuring and the resolution of historical issues, the Company successfully completed its initial public offering and dual listing on the New York Stock Exchange and Hong Kong Stock Exchange, raising approximately US$5.65 billion. This landmark IPO was the largest ever non-Japan Asia equity offering and ranked among the top ten equity offerings ever in the world. It is also recognised as the best equity offering, best privatisation and best IPO of 2000 by internationally renowned financial and legal magazines such as *International Finance Review, International Finance and Law Review, Finance Asia and Financial Intelligence Asia.*

PROSPECTS

The 21st century marks the beginning of a brand new phase of development of China's telecommunications industry. The acceleration of the country's economic growth and transition to an information society, constant emergence of new technologies and services, the development of a new competitive landscape, and particularly China's pending accession into the WTO, all present significant new opportunities and challenges to the Company.

Looking ahead, I am full of confidence in the future success of China Unicom Limited. The immense space for growth of the Chinese telecommunications industry, the gradual improvement of the industry's policies and regulations and particularly, government policies such as asymmetric regulation aimed at breaking up monopolies and encouraging competition all favour the rapid development of competitive operators such as China Unicom. As an integrated competitive telecommunications company, we have an innovative and increasingly sophisticated management team, a highly motivated workforce, well established operational management, advanced national network infrastructure and a reputable corporate image and brand name, all of which will enable the Company to seize the tremendous opportunities in China's telecommunications market to achieve a leap in our development.

In the face of these opportunities and challenges and taking into account of our ultimate goal of maximising our shareholders' value, we will continue to introduce innovations in our operating system, management, technology and services, and apply effective strategies in business development, network construction, sales and marketing, human resource and international cooperation to rapidly develop the Company into a major first class international telecommunications operator.

We will continue to focus on cellular, data and international and domestic long distance businesses, accelerate network construction, develop integrated businesses and fully leverage on this unique integrated strength.

Based on the strategy of central co-ordination, prioritization, advanced planning, and resource sharing, we will construct and perfect the national optical fibre backbone transmission network, GSM cellular network, PSTN long distance network, data backbone, IP network and Internet. We will also accelerate the construction of the integrated access network and the two-way paging and information paging networks while optimising the existing paging network.

We will target individual customer groups and through measures such as branding, service, price and bundled sales, to establish an integrated system of direct sales, distribution and commissioned sales. We will also focus on expanding the high-end customer business in addition to services tailored for the mass market so as to raise our market share in all business segments.

We will implement effective incentive scheme, promote new performance evaluation standards and conduct reforms in our operating, human resource, compensation and welfare systems. New training initiatives will also be launched to upgrade the skills and quality of our management and technical personnel teams.

We will also strengthen international cooperation through continued formation of international strategic partnerships and joint ventures to jointly develop new services, network resources and customers and consequently enhance our competitive edge.

We are considering the acquisition of high quality cellular assets from our parent company at an appropriate time to establish a nationwide footprint.

Unicom Group has the exclusive right to construct and operate CDMA networks in China. The Company plans to lease network capacity on an exclusive basis from Unicom Group at an appropriate time and has the option to acquire the CDMA network assets. We believe that the tremendous growth opportunities in the Chinese telecommunications market can support the rapid growth of both GSM and CDMA services.

Finally, on behalf of the Board of Directors, I would like to extend our sincere thanks for the interests and supports we have received from all our shareholders and the society at large. I would also like to thank all the management team members and employees of the Company for their dedication and contribution.

Yang Xian Zu
Chairman

Hong Kong, 3 April, 2001

FINANCIAL HIGHLIGHTS

Consolidated Income Statement (Audited)

	NOTE	For the year ended 31 December, 2000 RMB'000 (Except per share)	1999 RMB'000 (Except per share)
Revenue:			
Cellular Business		**12,187,804**	5,314,249
Paging Business		**8,483,490**	9,046,911
Long distance, Data and Internet Business		**1,096,394**	79,159
Total service revenue		**21,767,688**	14,440,319
Sales of telecommunication products		**1,924,770**	3,009,688
Total revenue	4	**23,692,458**	17,450,007
Operating expenses:			
Leased lines		**(1,158,123)**	(1,099,251)
Interconnection charges		**(1,379,465)**	(693,090)
Depreciation and amortisation		**(5,734,315)**	(3,691,019)
Personnel		**(1,769,840)**	(1,713,172)
Selling and marketing		**(2,492,433)**	(1,557,259)
General, administrative and others		**(3,743,063)**	(2,586,402)
Cost of telecommunication products sold		**(2,192,938)**	(3,293,984)
Total operating expenses		**(18,470,177)**	(14,634,177)
Operating income		**5,222,281**	2,815,830
Net financial income (charges)	5	**395,059**	(703,211)
Loss arising from terminations of CCF arrangements	6	**(1,193,838)**	(224,270)
Other income (expenses), net		**59,229**	(129,343)
Income before taxation and minority interests		**4,482,731**	1,759,006
Taxation	7	**(1,104,969)**	(555,659)
Income before minority interests		**3,377,762**	1,203,347
Minority interests		**(143,711)**	(364,200)
Net income		**3,234,051**	839,147
Basic net income per share *(RMB)*	8(a)	**0.29**	0.09
Diluted net income per share *(RMB)*	8(b)	**0.29**	N/A
Adjusted EBITDA#		**10,956,596**	6,506,849

\# *Adjusted EBITDA represents income before net financial income (charges), net other (income) expenses, taxation, depreciation and amortisation and before loss arising from terminations of CCF Arrangements (as defined in Note 6). While EBITDA is commonly used in the telecommunications industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with generally accepted accounting principles and should not be considered as representing net cash flows from operating activities. Our adjusted EBITDA as described in the above is not necessarily comparable with similarly titled measures for other companies.*

Notes:

(1) Group restructuring and basis of presentation

The Company was incorporated in the Hong Kong Special Administrative Region ("Hong Kong"), the People's Republic of China (the "PRC") on 8 February, 2000 to engage in the provision of cellular, long distance, data, Internet and paging services in the PRC. Prior to the reorganisation of the Company and its subsidiaries (the "Group"), these businesses (hereinafter "predecessor entities") were operated by various branches or subsidiaries of China United Telecommunications Corporation (the ultimate parent company of the Company, hereinafter referred to as "Unicom Group"). Upon the reorganisation of the Group in preparation for the global offering of the Company's shares (the "Global Offering"), all of these predecessor entities were injected into the Group in year 2000. The reorganisation of these predecessor entities has been accounted for as a reorganisation of entities under common control in a manner similar to pooling of interests.

The consolidated income statement of the Group for the years ended 31 December, 1999 and 2000 were prepared by the Board of Directors based on the results of operations of the predecessor entities, now comprising the Group, for the years ended 31 December, 1999 and 2000, as if the state-owned interests in the Group had been held continuously by the Company for the years concerned.

In 2000, the Company completed the Global Offering by issuing an aggregate of 2,459,127,000 shares of HK$0.10 each including an offering of 122,956,000 shares at HK$15.42 per share (excluding brokerage fee and HKSE (as defined below) transaction levy) on The Stock Exchange of Hong Kong Limited ("HKSE") and an offering of 233,617,100 ADSs (each ADS represents 10 shares) at US$19.99 (equivalent to a share price of HK$15.58 per ordinary share (including brokerage fee and HKSE transaction levy)) on the New York Stock Exchange Inc., on 22 June, 2000 and 21 June, 2000 respectively; and issued 368,869,050 shares of HK$0.10 each at HK$15.58 per share (including brokerage fee and HKSE transaction levy) by way of a placing among professional and institutional investors on 3 July, 2000 upon the full exercise of an over-allotment option.

(2) Organisation and operations

The Group is principally engaged in the provision of cellular, long distance, data, Internet and paging services in the PRC.

(3) Principal accounting policies

The principal accounting policies adopted by the Group in the preparation of the results of operations for the year ended 31 December, 2000, conform to accounting principles generally accepted in Hong Kong ("HK GAAP"), which are consistent with those adopted in the Accountants' Report of the Prospectus of the Company dated 13 June, 2000 (the "Prospectus").

(4) Revenue

Revenue is primarily comprised of usage fees, monthly fees, connection fees and interconnection revenue earned by the Group by providing cellular, long distance, data, Internet and paging services. Tariffs for these services are subject to regulations by various government authorities, including the State Development Planning Commission, the Ministry of Information Industry and the relevant provincial price regulatory authorities. Revenue is net of business tax, government surcharges and central irrigation construction levy, where applicable.

(5) Net financial income (charges)

	NOTE	For the year ended 31 December, 2000 RMB'000	1999 RMB'000
Interest income	(i)	**1,748,805**	105,595
Interest expenses		**(1,353,746)**	(808,806)
		395,059	(703,211)

Note:

(i) Interest income for year 2000 mainly arose from the proceeds of the Global Offering.

(6) China-China-Foreign arrangements and their terminations

China-China-Foreign Arrangements (the "CCF Arrangements") represented the financing arrangement entered into by the predecessor telecommunications businesses of the Group with certain contractual joint venture companies (the "CJVs") established in the PRC during the development of the Group's telecommunications network. The details of the CCF Arrangements are described in the Accountants' Report of the Prospectus.

As of 31 December, 2000, all the CCF Arrangements entered into by the predecessor telecommunication businesses of the Group were terminated. The aggregate losses arising from the terminations of the CCF Arrangements for the year ended 31 December, 2000 was approximately RMB1,194 million (1999: RMB224 million). The losses were calculated based on the difference between the net carrying amounts of the outstanding CCF debts being terminated, which amounted to approximately RMB6,263 million for 2000 (1999: RMB1,777 million) and the total cash compensation amounts of approximately RMB7,457 million for 2000 (1999: RMB2,001 million) made to the CJVs. The losses were charged as expenses.

Apart from the cash compensations, share warrants were granted to the CJVs or their designees as part of the compensations in the termination of the CCF Arrangements in 2000. These share warrants allow the holders to subscribe for new shares of the Company at the initial public offering price. The total exercise value of the share warrants granted to the CJVs or their designees is fixed, amounting to approximately RMB5,024 million in aggregate. The exercise period of these warrants will last for a period of six months following the date that is six months after the Global Offering, 22 June, 2000.

(7) Taxation

	NOTE	For the year ended 31 December, 2000 RMB'000	1999 RMB'000
PRC enterprise income tax		**1,619,169**	647,285
Deferred taxation		**(514,200)**	(91,626)
		1,104,969	555,659

There is no Hong Kong profits tax liabilities as the Group does not have any assessable income sourced from Hong Kong for the year ended 31 December, 2000.

The PRC operations, or the predecessor entities now comprising the Group, are subject to the standard PRC income tax rate of 33% for the year ended 31 December, 2000 (1999: 33%), except for certain subsidiaries which are subject to local preferential income tax rates.

(8) Net income per share

(a) *Basic net income per share*

Basic net income per share for the year ended 31 December, 1999 has been computed by dividing net income of approximately RMB839,147,000 by the number of 9,725,000,020 shares outstanding immediately prior to the Global Offering in June 2000 without adjusting for the pro forma changes in the number of new shares that resulted from additional contributions from Unicom Group over time.

Basic net income per share for the year ended 31 December, 2000 has been computed by dividing the net income of approximately RMB3,234,051,000 attributable to shareholders by the weighted average number of 11,208,224,000 ordinary shares outstanding during the year ended 31 December, 2000, assuming the Company had been in existence since 1 January, 2000.

(b) *Diluted net income per share*

Diluted net income per share for the year ended 31 December, 2000 has been computed by dividing the net income of approximately RMB3,234,051,000 attributable to shareholders by the weighted average number of 11,219,679,000 ordinary shares, after adjusting for the effects of the dilutive potential ordinary shares. All dilutive potential ordinary shares arise from share options granted to the directors or senior management under the Pre-Global Offering Share Option Scheme (as defined in the Prospectus) and share warrants granted to the CJVs or their designeers as part of compensation for the termination of the CCF Arrangements as described in Note 6, which if converted to ordinary shares would decrease net income attributable to the shareholders per share.

(9) Dividends

During the year ended 31 December, 2000, the Company has not declared any dividends to their shareholders.

(10) Reserves

During the year ended 31 December, 2000, the Group has appropriated approximately RMB425 million to reserve.

(11) Acquisition of minority interests

During the year ended 31 December, 2000, the Group acquired the minority interests held by trade unions in 28 provincial subsidiaries engaging in the paging business. The total purchase consideration amounted to approximately RMB1,803 million, the minority owners' aggregate share of the fair values of net assets as of the effective dates of acquisition were approximately RMB1,779 million, and goodwill arising from the acquisition of minority interests amounted to RMB24 million.

SUPPLEMENTAL INFORMATION FOR NORTH AMERICAN SHAREHOLDERS

The accounting policies adopted by the Group in the preparation of the financial statements prepared under HK GAAP differ in certain aspects from those prepared under generally accepted accounting principles in the United States ("US GAAP"). Significant differences with US GAAP which are consistent with those described in Appendix II "Additional Financial Information" of the Prospectus.

In particular, in respect of the share warrants granted to the CJVs or their designees as part of the termination compensation, an additional charge to income was recorded under US GAAP to account for the fair value of the share warrants granted at the completion of the Global Offering. The fair value of these share warrants as of the grant date, using the Black Scholes option pricing model, was approximately RMB1,132 million. The major assumptions used include: no dividend yield, expected volatility of 50% and risk free interest rate of 6.54%.

Differences between HK GAAP and US GAAP which affect net income of the Group are summarised below:

	Year ended 31 December, 2000 RMB'000	1999 RMB'000
Net income under HK GAAP	**3,234,051**	839,147
Impact of US GAAP adjustments:		
Deferral and amortisation of upfront non-refundable revenue	**(327,788)**	(498,291)
Deferral and amortisation of direct incremental cost	**294,581**	324,257
Additional charge relating to the grant of share warrants for the terminations of CCF Arrangements	**(1,131,806)**	—
Employee housing benefits	**(18,532)**	(15,590)
Reversal of depreciation for revalued fixed assets	**12,610**	—
Reversal of revaluation deficit of fixed assets	**28,000**	—
Recognition of deferred tax assets in relation to loss carryforward from a subsidiary	**23,582**	21,272
Valuation allowance	**(23,582)**	(21,272)
Recognition of other deferred tax assets	**90,213**	88,128
Net income as restated (US GAAP)	**2,181,329**	737,651
Add back: Extraordinary item (loss arising from terminations of CCF Arrangements)		
— cash compensation	**1,193,838**	224,270
— share warrants compensation	**1,131,806**	—
— less: related tax impact	**(393,967)**	(74,009)
	1,931,677	150,261
Income from continuing operations before extraordinary item (US GAAP)	**4,113,006**	887,912
Basic and diluted net income per share after extraordinary item *(RMB)*	**0.19**	0.08
Basic and diluted net income per ADS* after extraordinary item *(RMB)*	**1.94**	0.76
Basic and diluted net income per share before extraordinary item *(RMB)*	**0.37**	0.09
Basic and diluted net income per ADS* before extraordinary item *(RMB)*	**3.67**	0.91

* *Based on a ratio of 10 ordinary shares to 1 ADS*

Dividends

The Board of Directors considers that with the current rapid growth in the business of the Group, a large amount of funds will be required for network expansion and other capital investments. As such, the Board of Directors does not recommend the payment of a final dividend for the year ended 31 December, 2000.

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CHINA UNICOM

CHINA UNICOM LIMITED

(Incorporated in Hong Kong with limited liability)

Liquidity and Debt/Capital Structure

As of the end of 2000, we have RMB44.72 billion of cash and cash equivalent and RMB7.84 billion of short-term bank deposit. Our aggregate bank and other loans, including short-term and long-term bank loans and loans from other institutions, totaled RMB20.13 billion at the end of 1999 (including loans in the amount of RMB10.50 billion from Unicom Group and loans in the amount of RMB6.20 billion from certain China-China-Foreign joint ventures) and RMB35.65 billion at the end of 2000.

Our debt-to-assets ratio (debt and minority interest to debt, minority interest and equity) decreased from 72.6% at the end of 1999 to 39.0% at the end of 2000. Our debt-to-equity ratio (debt and minority interest to equity) decreased from 265.4% at the end of 1999 to 63.9% at the end of 2000. We have no net liability excluding cash and cash equivalent and short-term bank deposits.

As of 31 December, 2000, our working capital (current assets minus current liabilities) was RMB30.29 billion, compared to the working capital deficit of RMB11.35 billion as of 31 December, 1999. This increase was primarily due our full repayment of the loans from the China-China-Foreign joint ventures, increase in cash and cash equivalents brought in by the initial public offering, as well as the substantial increase in short-term bank deposits.

As of 31 December, 1999 and 31 December, 2000, accounts receivable (excluding accounts receivable from China Telecom and our related companies) totaled RMB900 million and RMB1.55 billion respectively. The increase in accounts receivable was primarily a result of an increase in revenue from our services.

Capital Expenditure

In 2000, we made great efforts to control the cost of construction of our networks. The actual capital expenditure in 2000 was lower than the estimated expenditure while the network construction was completed pursuant to our construction plan and to some extent, ahead of our schedule. Capital expenditures in 2000 was RMB25.18 billion. Capital expenditure in cellular services was RMB17.28 billion, mostly spent on the construction of our cellular network, intelligent network and the development of a trail of new technologies. The capacity of our cellular network increased about three times from 6.6 million subscribers at the end of 1999 to 19.18 million subscribers at the end of 2000. Capital expenditure in paging operations was RMB2.19 billion, mostly spent on optimisation of network, improvement of base station and development of our sales network. Capital expenditure in international and domestic long distance, data and Internet operations reached RMB5.71 billion, mainly for network construction, including construction of inter-provincial and provincial backbone optical fibre cable.

We plan to invest approximately RMB36.3 billion for capital expenditures in 2001, mainly for the development of our cellular network, nationwide optical fibre network, long distance business as well as the network for our data and Internet services. We principally relied on a combination of cash generated from operating activities, capital market financing and short-term and long-term bank loans to satisfy our capital expenditures. Our capital expenditures in 2001 will be funded by cash in hand and cash generated from operations.

Charge on Assets

As at 31 December, 2000, approximately RMB6.99 billion (1999: RMB6.77 billion) of property, plant and equipment at cost of the Group were pledged to banks as loan security.

Employees

The Group, including its subsidiaries but excluding associates, employed approximately 35,400 (1999: 33,088) employees at the end of year 2000. Employees' cost amounted to approximately RMB1.77 billion (1999: RMB1.71 billion) for the year 2000. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. On 1 June, 2000, the Company adopted a pre-global offering share option scheme. Under this scheme, as of 31 December, 2000, options to purchase 27,116,600 shares have been granted to the directors, senior management and certain employees. The exercise price is equivalent to HK$15.42 (excluding brokerage fee and Stock Exchange transaction levy). The options will not be exercisable until two years after the date of grant, and the exercise period will last for ten years from 22 June, 2000. On 1 June, 2000, the Company also adopted another share option scheme and no options have been granted under this scheme in year 2000.

Foreign Exchange

Substantially all of our revenue and expenses are denominated in Renminbi. Only a small portion of our equipment purchases is denominated in foreign currency. Future depreciation of Renminbi against foreign currencies may result in increase of cost of equipment purchased in foreign currencies, and the increase of operating expenses may adversely affect our results of operations.

SUPPLEMENTARY INFORMATION

Purchase, Sale or Redemption of Shares

For the year ended 31 December, 2000, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

Compliance with Code of Best Practice

The Company has complied throughout the year ended 31 December, 2000 with the Code of Best Practice as set out by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except that the non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the articles of association of the Company.

Further Information

All information required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on both the Stock Exchange's website and the Company's website.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of China Unicom Limited will be held on 21 June, 2001 at 11:00 a.m. in Granville Room, Conrad International, Pacific Place, 88 Queensway, Hong Kong, for the following purposes:

As Ordinary Business:

1. To receive and consider the financial statements and the Reports of the Directors and of the Auditors for the period ended 31 December, 2000.

2. To re-elect the Directors and fix their remuneration.

3. To re-appoint Auditors, fix their remuneration for the period ended 31 December, 2000 and to authorise the Directors to fix their remuneration for the period ending 31 December, 2001.

And as Special Business, to consider and, if thought fit, to pass the following as ordinary resolutions:

ORDINARY RESOLUTIONS

4. "**THAT**:

   (a) subject to paragraphs (b) and (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase shares of HK$0.10 each in the capital of the Company including any form of depositary receipts representing the right to receive such shares ("Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange in accordance with all applicable laws including the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time be and is hereby generally and unconditionally approved;

   (b) the aggregate nominal amount of Shares which may be purchased or agreed conditionally or unconditionally to be purchased by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly;

   (c) for the purposes of this Resolution:

   "***Relevant Period***" means the period from the passing of this Resolution until the earlier of:

   (i) the conclusion of the next annual general meeting of the Company;

   (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Company's articles of association (the "Articles of Association") or the Companies Ordinance to be held; and

   (iii) the revocation or variation of the authority given to the Directors under this Resolution by ordinary resolution of the Company's shareholders in general meeting."

5. "**THAT**:

   (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options which might require the exercise of such powers be and are hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) shall authorise 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, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) the exercise of options granted under any share option scheme adopted by the Company or (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association of the Company, shall not exceed the aggregate of (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, plus (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution), and the said approval shall be limited accordingly; and

   (d) for the purposes of this Resolution:

   "***Relevant Period***" means the period from the passing of this Resolution until the earlier of:

   (i) the conclusion of the next annual general meeting of the Company;

   (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Articles of Association or the Companies Ordinance to be held; and

   (iii) the revocation or variation of the authority given to the Directors under this Resolution by ordinary resolution of the Company's shareholders in general meeting; and

   "***Rights Issue***" means an offer of shares open for a period fixed by the Directors to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory applicable to the Company) and an offer, allotment or issue of shares by way of rights shall be construed accordingly."

6. "**THAT** the Directors be and are hereby authorised to exercise the powers of the Company referred to in paragraph (a) of Resolution 5 in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution."

By order of the Board
Li Zhengmao
Company Secretary

Hong Kong, 3 April, 2001

Notes:

1. Any member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.

2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's registered office at 75/F., the Center, 99 Queen's Road Central, Central, Hong Kong at least 36 hours before the time for holding the above Meeting. Completion and return of a form of proxy will not preclude a member from attending and voting in person if he is subsequently able to be present.

3. In relation to the Ordinary Resolution set out in item 4 of the Notice, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate or for the benefit of the shareholders. The Explanatory Statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own Shares, as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), will be set out in a separate letter from the Company to be enclosed with the 2000 Annual Report.

4. In relation to the Ordinary Resolution set out in item 5 of the Notice, the Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders as a general mandate for the purposes of Section 57B of the Companies Ordinance and the Listing Rules.