



BOSSINI INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2002

FINANCIAL RESULTS

The Board of Directors (the “Board”) of **Bossini International Holdings Limited** (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2002, together with the comparative figures for the previous year, as follows:

Consolidated profit and loss account

	<i>Notes</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
TURNOVER	2	1,588,473	1,554,567
Cost of sales		(896,886)	(887,011)
Gross profit		691,587	667,556
Other revenue		2,973	6,342
Selling and distribution costs		(506,855)	(475,792)
Administrative expenses		(138,084)	(117,656)
Other operating expenses		(79,513)	(54,646)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	3	(29,892)	25,804
Finance costs	4	(5,333)	(2,827)
PROFIT/(LOSS) BEFORE TAXATION		(35,225)	22,977
Taxation	5	(3,544)	(6,178)
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		(38,769)	16,799
Minority interests		–	(144)
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS		(38,769)	16,655
RELEASE FROM REVALUATION RESERVE	6	404	404
BASIC EARNINGS/(LOSS) PER SHARE	7	(13.10 cents)	5.71 cents

Notes:

1. Basis of preparation and accounting policies

The accounting policies used in the preparation of these financial statements are consistent with those in the annual financial statements for the year ended 31 March 2001 except that in the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice (“SSAPs”) and related Interpretations issued by the Hong Kong Society of Accountants.

These SSAPs prescribe new accounting measurement and disclosure practices. The major SSAPs and Interpretations which have had a significant effect on the financial statements are:

- SSAP 14 (Revised) : “Leases”
- SSAP 26 : “Segment reporting”
- SSAP 30 : “Business combinations”
- SSAP 31 : “Impairment of assets”
- Interpretation 13 : “Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves”

2. Turnover and segment information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by geographical segment; and (ii) on a secondary segment reporting basis, by business segment. Since over 90% of the Group’s revenue and results are derived from retailing and distribution of garments, no separate analysis of financial information by business segment is presented.

The following table presents revenue and results information for the Group’s geographical segments.

	Hong Kong		Elsewhere in the PRC		Taiwan		Singapore		Consolidated	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment revenue:										
Sales to external customers	851,120	1,007,795	267,346	200,371	298,205	160,731	171,802	185,670	1,588,473	1,554,567
Other revenue	1,044	1,821	280	787	119	41	137	193	1,580	2,842
Total revenue	<u>852,164</u>	<u>1,009,616</u>	<u>267,626</u>	<u>201,158</u>	<u>298,324</u>	<u>160,772</u>	<u>171,939</u>	<u>185,863</u>	<u>1,590,053</u>	<u>1,557,409</u>
Segment results	<u>(34,392)</u>	<u>3,501</u>	<u>12,850</u>	<u>12,289</u>	<u>(19,984)</u>	<u>1,437</u>	<u>10,241</u>	<u>5,077</u>	<u>(31,285)</u>	<u>22,304</u>
Interest income									<u>1,393</u>	<u>3,500</u>
Profit/(loss) from operating activities									<u>(29,892)</u>	<u>25,804</u>
Finance costs									<u>(5,333)</u>	<u>(2,827)</u>
Profit/(loss) before taxation									<u>(35,225)</u>	<u>22,977</u>
Taxation									<u>(3,544)</u>	<u>(6,178)</u>
Profit/(loss) before minority interests									<u>(38,769)</u>	<u>16,799</u>
Minority interests									<u>-</u>	<u>(144)</u>
Net profit/(loss) from ordinary activities attributable to shareholders									<u>(38,769)</u>	<u>16,655</u>

3. Profit/(loss) from operating activities

Profit/(loss) from operating activities is arrived at after charging/(crediting):

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Depreciation	56,181	51,491
Amortisation of intangible assets	4,291	4,291
Loss on disposal of fixed assets	3,194	1,468
Impairment of leasehold land and buildings	13,408	–
Interest income	(1,393)	(3,500)
Royalty income	–	(345)
Rental income	(509)	(549)
	<u> </u>	<u> </u>

4. Finance costs

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	5,333	2,827
	<u> </u>	<u> </u>

5. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2001: 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.

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Group:		
Hong Kong	307	1,267
Elsewhere	5,242	4,315
Overprovision in prior years	(2,085)	–
	<u> </u>	<u> </u>
	3,464	5,582
Deferred taxation	80	596
	<u> </u>	<u> </u>
Taxation charge for the year	<u>3,544</u>	<u>6,178</u>

6. Release from revaluation reserve

The revaluation reserve arising from revaluation of fixed assets is realised and transferred directly to retained earnings on a systematic basis, as the corresponding asset is used by the Group. The amount realised is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

7. Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on the net loss attributable to shareholders for the year of HK\$38,769,000 (2001: net profit of HK\$16,655,000) and on the weighted average of 295,921,468 (2001: 291,660,524) shares in issue during the year, adjusted to reflect the rights issue during the year.

Diluted earnings/(loss) per share for the years ended 31 March 2002 and 2001 have not been calculated as no diluting events existed during these years.

8. Reserves

	Share premium account HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Reserve funds HK\$'000	Retained profits HK\$'000	Total HK\$'000
Group								
At 1 April 2000	-	5,473	99,175	14,319	7,474	-	176,769	303,210
Realisation on depreciation during the year	-	-	-	(404)	-	-	404	-
Exchange realignment of foreign subsidiaries	-	-	-	-	807	-	-	807
Goodwill arising on acquisition of subsidiaries/businesses	-	(2,434)	-	-	-	-	(20,982)	(23,416)
Goodwill arising on acquisition of additional interest in a subsidiary	-	(2,299)	-	-	-	-	-	(2,299)
Net profit for the year attributable to shareholders	-	-	-	-	-	-	16,655	16,655
At 31 March 2001 and 1 April 2001	-	740	99,175	13,915	8,281	-	172,846	294,957
Issue of rights shares	49,374	-	-	-	-	-	-	49,374
Share issue expenses	(879)	-	-	-	-	-	-	(879)
Realisation on depreciation during the year	-	-	-	(404)	-	-	404	-
Impairment of leasehold land and buildings	-	-	-	(13,511)	-	-	-	(13,511)
Exchange realignment of foreign subsidiaries	-	-	-	-	(129)	-	-	(129)
Transfer to reserve funds	-	-	-	-	-	1,183	(1,183)	-
Net loss for the year attributable to shareholders	-	-	-	-	-	-	(38,769)	(38,769)
At 31 March 2002	<u>48,495</u>	<u>740</u>	<u>99,175</u>	<u>-</u>	<u>8,152</u>	<u>1,183</u>	<u>133,298</u>	<u>291,043</u>

9. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2002.

PROPOSED BONUS ISSUE OF SHARES

The Board has resolved to recommend a bonus issue of shares (“Bonus Shares”) on the basis of one Bonus Share for every four existing shares held by the members of the Company whose names appear on the principal or branch register of members of the Company in Bermuda or Hong Kong respectively (collectively referred to as the “Register of Members”) as at the close of business on 30 August 2002 (“Record Date”), other than those members whose addresses as shown on the Register of Members on the Record Date are outside Hong Kong, conditional upon members’ approval at the forthcoming annual general meeting (“AGM”) and the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting or agreeing to grant listing of and permission to deal in the Bonus Shares. Details of the bonus issue are set out in the AGM notice. A circular containing further details of the bonus issue will be sent to members of the Company in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results and Business Review

The consolidated turnover for the year ended 31 March, 2002 was HK\$1,588,473,000, representing an increase of 2.2% as compared to HK\$1,554,567,000 for the previous year. However, there was a net loss attributable to shareholders of HK\$38,769,000, compared with a net profit attributable to shareholders of HK\$16,655,000 recorded last year.

Included in the net loss attributable to shareholders reported for the year was a provision for impairment of HK\$13,408,000 in respect of warehouse premises used for inventory storage in Hong Kong. Excluding the above impairment loss, the net loss attributable to shareholders was HK\$25,361,000.

Due to the overall adverse economic climate in major markets except Mainland China, the Group took a prudent approach and adopted a series of specific measures to extract the maximum returns. These steps included:

- (i) the strategic consolidation of operation scale in Hong Kong;
- (ii) a cost-cutting programme including the closure of some small, under-performing outlets;
- (iii) the continued expansion of operations in Mainland China; and
- (iv) the restructuring of the design team to ensure fresh, upbeat, modern and easy-to-wear fashions are offered.

Hong Kong

Hong Kong remained the Group’s largest market with sales of HK\$851,120,000 which represented 53.6% (last year : 64.8%) of the Group’s total turnover. The Hong Kong portion as a percentage of total turnover was lower than the previous year as a result of the consolidation of Hong Kong operations and the expansion and increased sales in other markets like Mainland China and Taiwan.

During the year, the local retail market remained sluggish with consumers generally very prudent about spending. To counteract the effects of such a difficult business environment, the Group decided to consolidate operations by cutting some small, under-performing outlets. At year end, the Group had 32 outlets, compared with a total of 36 last year.

Mainland China

The more buoyant market in Mainland China saw a substantial growth in sales by 33.4% compared with last year's HK\$200,371,000, and the total number of outlets there increased to 175 from the 61 in operation at the end of last year. The benefits were seen in the results for the second half of the year when most of the new outlets came into operation.

To develop and expand the business in Mainland China, the Group focused on two modes of operations: directly managed establishments and authorised dealer ventures. By the end of the year, the Group conducted business in 103 directly managed stores and 72 authorised dealer ventures compared with 33 and 28, respectively, last year.

During the year, the Group also implemented the key strategies necessary to build an extensive and strong sales network so as to benefit from economies of scale and increased brand awareness. The key element was to aggressively increase the number of directly managed stores in major cities to better build a solid foundation in the casual wear market. Thereafter, the Group will accelerate the expansion of its authorised dealer business and, through those dealers, develop the market in other areas in China.

Singapore

At year end, the Group operated 28 outlets in Singapore compared with 24 last year. Due to the continued economic downturn, sales dropped by 7.5% compared with last year. The operating results for the second half of the year improved which led to a whole year profit from operating activities of HK\$10,241,000.

Taiwan

Taiwan was another major market and contributed 18.8% to the Group's turnover. Operations in Taiwan have continued to develop since the business was acquired from the former licensee in September 2000.

Sales improved but fell short of expectations mainly due to the poor state of the economy. In addition, the weakened value of the New Taiwan dollar against the US dollar had put pressure on costs of purchases as goods were sourced mainly from Hong Kong. As a result, the gross margin was squeezed.

Despite these short term difficulties, the Group has continued to invest in the market in the firm belief that lucrative business opportunities exist. During the year, the Group gradually increased the number of outlets to 68 compared with 55 at the end of last year.

Liquidity and Financial Resources

During the year, the Group generally financed its operations with internally generated cash flows and banking facilities provided by its principal bankers.

Net assets at 31 March 2002 amounted to HK\$332,188,000, compared with HK\$322,387,000 last year. Net proceeds of HK\$62,210,000 raised from a Rights Issue were received in mid-March 2002 and remained unused and were put into bank deposits at the end of the financial year. At 31 March 2002, the Group had a net cash balance, being total cash on hand minus total bank borrowings, of HK\$58,428,000. In addition, there was a remarkable improvement in inventory turnover, with the number of inventory turnover days dropping from 40 last year to 29 this year.

With its cash holdings and available banking facilities, the Group believes that sufficient funds are available to pursue its planned business development opportunities.

The current ratio improved from last year's 1.98 to 2.19 while the quick ratio improved from last year's 0.90 to 1.49. These ratios indicate that the Group has maintained a sound working capital and liquidity position. The debt to equity ratio was 0.70 while it was 0.63 last year. The ratio was calculated by dividing the total liabilities of HK\$233,334,000 (31 March 2001: HK\$203,673,000) by the total shareholders' equity of HK\$332,188,000 (31 March 2001: HK\$322,387,000).

During the year, the Group entered into a limited number of forward contracts to hedge its foreign currency denominated receivables against the fluctuation of exchange rates, and interest rate swap contracts to reduce the exposure of interest rate fluctuation.

Human Capital

As at 31 March 2002, the Group employed 2,528 full-time staff in Hong Kong, Macau, Mainland China, Singapore and Taiwan. The Group remunerates its employees based on their performance, experience and prevailing industry practices. Benefits such as staff insurance, retirement scheme and discretionary bonus are provided. It also provides both in-house and external training programmes to strengthen the Group's human resources.

Outlook

In view of the ongoing difficult economic climate, the Group will continue to run its business in a pragmatic and prudent manner.

While consumers are not willing to spend as freely as in the past, the Group is set to bring them high quality and value-for-money merchandise. The Group will continue to seek to increase its market share and enhance its image with fresh and attractive designs, supplemented by targeted advertising and promotion campaigns. The Group will also remain alert to new opportunities that may occur as and when economic conditions improve.

Notwithstanding this year's strategic consolidation of retail operations, Hong Kong will continue to serve as the Group's main operating country. Strategically, while the scale of operations in the near future is likely to be maintained at present levels, Hong Kong will still be the predominant market in the year to come.

The market in Mainland China looks to be highly promising, and the Group will continue to focus on expanding its operations there. Building and developing an extensive sales network and achieving stronger brand recognition are key to the Group in achieving its goals. The Group plans to open an additional 40 directly managed stores in the coming year. Besides, the Group will establish 240 more outlets through

the venture of authorised dealers. The ultimate goal of these expansion measures is to achieve a total of 450 outlets throughout Mainland China by the end of March 2003 selling bossini brand products. The Group is optimistic that, having achieved its goals, sales in the Mainland China market will eventually increase to about 30% of Group's turnover compared with 16.8% this year.

In Singapore, the Group is exercising caution in view of the current economic uncertainty and will maintain its existing scale of operations.

There are undoubted opportunities for growth in Taiwan, especially as the Group's scale of operations is still not large compared with major competitors. The room to grow is enormous given that the Group now runs all bossini operations in Taiwan and can thus allocate greater resources to develop its business there and build an extensive sales network.

The Group will progressively continue to develop and diversify its operations in a careful, structured manner while simultaneously exploring new markets and business opportunities in the Asia-Pacific region. The Group is confident that this strategic framework will prove beneficial to maintaining long term stability, growth, and profitability.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from 26 August 2002 (Monday) to 30 August 2002 (Friday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlements to the Bonus Shares, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited of Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 23 August 2002 (Friday).

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 Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for any specific terms, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2001/2002 Annual Report of the Company containing all the information required by paragraphs 45 (1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board
Ka Sing LAW
Chairman

Hong Kong, 27 June 2002

The full text of this announcement will be available on the Internet at <http://www.irasia.com/listco/hk/bossini>.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Tang Room I, 3rd Floor, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on 30 August 2002 (Friday) 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 auditors for the year ended 31 March 2002.
2. To elect directors.
3. To appoint auditors and to authorise the directors to fix their remuneration.
4. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“**THAT** the authorised share capital of the Company be increased from HK\$100,000,000 to HK\$200,000,000 by the creation of an additional 1,000,000,000 new shares of par value HK\$0.10 each, such new shares ranking *pari passu* in all respects with the existing issued shares of the Company.”

5. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant listing of and permission to deal in the new shares of par value HK\$0.10 each in the capital of the Company to be issued pursuant to this resolution (“Bonus Shares”):

- (A) upon the recommendation of the directors of the Company (the “Directors”), a sum up to HK\$10,286,156 standing to the credit of the share premium account of the Company be capitalised and the Directors be and are hereby authorised to apply such sum in paying up in full at par such number of Bonus Shares to be allotted and issued, credited as fully paid, to the members of the Company whose names appear on the principal or branch register of members of the Company in Bermuda or Hong Kong respectively (collectively referred to as the “Register of Members”) as at the close of business on 30 August 2002 (“Record Date”), other than those members whose addresses as shown on the Register of Members on the Record Date are outside Hong Kong (“Overseas Shareholders”), on the basis of one Bonus Share for every four existing shares then held, provided that arrangements will be made for the Bonus Shares which would otherwise have been allotted to the Overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium (net of expenses) can be obtained; proceeds of such sales, less expenses, will be distributed to Overseas Shareholders on a *pro rata* basis and be sent to them, at their own risk, in Hong Kong Dollar as soon as practicable; individual amount of less than HK\$100 will be retained for the benefit of the Company ;
- (B) no fractional Bonus Shares shall be allotted to the members of the Company, but fractional entitlements shall be aggregated and sold in the market for the benefit of the Company;

- (C) the Bonus Shares to be issued pursuant to this resolution shall rank pari passu in all respects with the existing issued shares of the Company except that they will not be eligible for the Bonus Shares mentioned in this resolution; and
- (D) the Directors be and are hereby authorised to do all acts and things as may be necessary and expedient in connection with the allotment and issue of the Bonus Shares, including but not limited to determining the amount up to HK\$10,286,156 to be capitalised out of the share premium account of the Company and the number of Bonus Shares to be allotted and distributed in the manner referred to in paragraph (A) of this resolution.”

6. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“**THAT:**

(A) a general mandate be and is hereby unconditionally given to the directors of the Company to issue and dispose of and to make or grant offers, agreements or options of or in relation to such of the Company’s unissued share capital during the Relevant Period (as hereinafter defined), as does not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution and as may be enlarged by the issue of the Bonus Shares pursuant to Ordinary Resolution numbered 5 set out in the notice of this meeting and the said approval shall be limited accordingly; and

(B) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (a) the conclusion of the next Annual General Meeting of the Company;
- (b) 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
- (c) the revocation or variation of this resolution by an ordinary resolution of the members of the Company in general meeting.”

7. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“**THAT:**

(A) the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

(B) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (A) of this resolution shall not exceed 10% of the aggregate

nominal amount of the issued share capital of the Company as at the date of passing this resolution and as may be enlarged by the issue of the Bonus Shares pursuant to Ordinary Resolution numbered 5 set out in the notice of this meeting and the said approval be limited accordingly; and

(C) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (a) the conclusion of the next Annual General Meeting of the Company;
- (b) 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
- (c) the revocation or variation of this resolution by an ordinary resolution of the members of the Company in general meeting.”

8. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“**THAT** conditional upon passing of the Ordinary Resolution numbered 7 set out in the notice of this meeting, the general mandate granted to the directors of the Company to issue, dispose of or otherwise deal with the unissued share capital of the Company pursuant to the Ordinary Resolution numbered 6 set out in the notice of this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the Ordinary Resolution numbered 7 set out in the notice of this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution and as may be enlarged by the issue of the Bonus Shares pursuant to Ordinary Resolution numbered 5 set out in the notice of this meeting.”

By Order of the Board
Chi Kwong TO
Company Secretary

Hong Kong, 27 June 2002

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. To be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any), must be deposited at the principal office of the Company at 6th Floor, Hong Kong Spinners Industrial Building, Phase 1 & 2, 601-603 Tai Nan West Street, Kowloon not less than 48 hours before the time appointed for holding the Meeting or any adjourned meeting.
2. With respect to the Ordinary Resolution numbered 4 above, approval is being sought from the members for the proposed increase in authorised share capital of the Company.

3. With respect to the Ordinary Resolution numbered 6 above, approval is being sought from the members for a general mandate to authorise allotment of shares under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. However, the directors of the Company have no immediate plans to issue any new shares of the Company pursuant to such approval.
4. A circular containing further details regarding the Ordinary Resolutions numbered 4, 5, 6 and 7 will be sent to the members together with the Annual Report for the year ended 31 March 2002.
5. The Company's Register of Members will be closed from 26 August 2002 (Monday) to 30 August 2002 (Friday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlements to the Bonus Shares, all transfers forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited of Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 23 August 2002 (Friday).