

**CHANCO INTERNATIONAL GROUP LIMITED**

卓高國際集團有限公司

*(Incorporated in the Cayman Islands with limited liability)***(Stock code: 264)****FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2004**

The board of directors of Chanco International Group Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2004, together with the comparative figures for the previous year as follows:

**RESULTS**

	<i>Notes</i>	<b>2004</b> <b>HK\$'000</b>	2003 <i>HK\$'000</i>
Turnover	2	<b>154,599</b>	154,428
Cost of sales		<u><b>(102,671)</b></u>	<u>(100,124)</u>
Gross profit		<b>51,928</b>	54,304
Other revenue		<b>524</b>	302
Selling and distribution costs		<b>(3,622)</b>	(4,657)
Administrative and other operating expenses		<u><b>(14,305)</b></u>	<u>(11,877)</u>
Profit before taxation	3	<b>34,525</b>	38,072
Taxation	4	<u><b>(2,912)</b></u>	<u>(3,065)</u>
Profit attributable to shareholders		<u><b>31,613</b></u>	<u>35,007</u>
Dividends	5	<u><b>11,466</b></u>	<u>33,577</u>
Earnings per share	6		
Basic		<u><b>HK10.02 cents</b></u>	<u>HK14.23 cents</u>
Diluted		<u><b>HK10.00 cents</b></u>	<u>N/A</u>

## 1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group adopted, for the first time, the following Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKSA, the term of HKFRS is inclusive of SSAP and Interpretations approved by the HKSA.

### Income Taxes

In the current year, the Group has adopted SSAP 12 (Revised) “Income Taxes”. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of this standard has had no material effect on the results for the prior accounting periods. Accordingly, no prior period adjustment has been required.

## 2. TURNOVER AND SEGMENT INFORMATION

### Primary reporting format — business segments

	Belts <i>HK\$'000</i>	Small leather goods <i>HK\$'000</i>	Leather <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>Year ended 31st March, 2004</b>				
Turnover	<u>149,535</u>	<u>4,340</u>	<u>724</u>	<u>154,599</u>
Results				
Segment results	<u>46,071</u>	<u>2,026</u>	<u>209</u>	<u>48,306</u>
Unallocated revenue				524
Unallocated costs				<u>(14,305)</u>
Profit before taxation				34,525
Taxation				<u>(2,912)</u>
Profit attributable to shareholders				<u>31,613</u>

	Belts <i>HK\$'000</i>	Small leather goods <i>HK\$'000</i>	Leather <i>HK\$'000</i>	Group <i>HK\$'000</i>
Year ended 31st March, 2003				
Turnover	<u>147,788</u>	<u>4,850</u>	<u>1,790</u>	<u>154,428</u>
Results				
Segment results	<u>47,116</u>	<u>2,110</u>	<u>421</u>	<u>49,647</u>
Unallocated revenue				302
Unallocated costs				<u>(11,877)</u>
Profit before taxation				38,072
Taxation				<u>(3,065)</u>
Profit attributable to shareholders				<u>35,007</u>

### Secondary reporting format — geographical segments

	Turnover	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Japan	84,234	86,564
Europe	21,122	24,470
The United States of America (“USA”)	16,187	21,553
Hong Kong	13,772	14,998
The People’s Republic of China, other than Hong Kong (“PRC”)	7,376	344
Others	<u>11,908</u>	<u>6,499</u>
	<u>154,599</u>	<u>154,428</u>

### 3. PROFIT BEFORE TAXATION

	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Auditors’ remuneration	250	600
Cost of inventories sold		
— material costs	81,049	79,315
— production overheads	21,622	20,809
Depreciation of property, plant and equipment	1,578	1,419
Loss on disposal of property, plant and equipment	—	43
Operating lease rentals in respect of land and buildings	3,465	2,862
Provision for bad debts	42	9
Provision for obsolete inventories	467	122
Staff costs, excluding directors’ emoluments		
— Wages, salaries and allowances	5,794	5,030
— Retirement benefit scheme contributions	239	240
and after crediting		
Unrealised holding gain on other investment	<u>121</u>	<u>—</u>

## 4. TAXATION

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Current tax		
— Hong Kong Profits Tax	2,906	2,980
Overprovision in prior years	—	(42)
Deferred tax		
— Current year	(15)	127
— Attributable to change in tax rate	<u>21</u>	<u>—</u>
	<u><u>2,912</u></u>	<u><u>3,065</u></u>

Hong Kong Profits Tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profit for the year.

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary is entitled to exemption from PRC income tax for two years commencing from their first profit-making year of operation and entitled to a 50% relief from the PRC income tax for the following three years.

No provision for the PRC income tax has been made for the Group's PRC subsidiary as it was exempt from the income tax for its first profitable year of operation.

## 5. DIVIDENDS

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Final, proposed, of HK\$0.018 (2003:HK\$0.04) per ordinary share (note (a))	5,733	12,577
2004 interim dividend of HK\$0.018 per ordinary share (2003: note (b))	<u>5,733</u>	<u>21,000</u>
	<u><u>11,466</u></u>	<u><u>33,577</u></u>

(a) At a board meeting held on 9th July, 2004, the directors proposed a final dividend of HK\$0.018 per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st March, 2005.

The amount of proposed final dividend is based on 318,500,000 shares in issue as at 9th July, 2004.

(b) The rate of dividend and the number of shares ranking for 2003 interim dividends are not presented as such information is not meaningful for the purpose of this financial statements.

## 6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$31,613,000 (2003: HK\$35,007,000) and the weighted average of 315,534,907 (2003: 245,961,589) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year is based on the Group's profit attributable to shareholders of HK\$31,613,000 and the weighted average number of 316,148,574 ordinary shares. The weighted average number of ordinary shares used in the calculation is the weighted average number of 315,534,907 ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average of 613,667 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

Diluted earnings per share for the year ended 31st March, 2003 has not been presented as there were no dilutive instrument at 31st March, 2003.

## **REVIEW OF OPERATIONS**

For the year ended 31st March, 2004, the Group recorded a turnover of approximately HK\$154.6 million. Profit attributable to shareholders was approximately HK\$31.6 million, representing approximately 9.7% decrease as compared to that of 2003. As a result of the decrease of export sales, the Group had to suffer a high fixed overhead cost in Sze Cheik factory which is operated solely for export market due to the production volume shranked. During the fiscal year under review, the average gross profit margin of the Group was reduced from approximately 35% to 33.6%. The thinning of gross profit margin had essentially resulted from the increase in the price of leather during the year under review. The administrative and other operating expenses such as directors' remuneration, staff salaries and other listing compliance expenses were increased since the Group had listed on 12th March, 2003. Compared with last year, the expenses increased by 20% to approximately HK\$14.3 million. The Group believes that with a stringent budget control policy implemented, the cost of production and operation is expected to be minimized in the following years.

Fiscal Year 2004 is a year of challenge. The outbreak of SARS adversely affected the Group's export sales to the US and Europe. The recovery after SARS was not as good as we expected. In spite of the weak market condition, the Group still attained a stable performance of sales. During the year under review, the Group achieved a significant sales growth in the PRC, Australia and Malaysia. The remarkable growth was mainly due to the new orders secured from a number of famous brand customers through the Group's successful marketing strategies and the Group's reputation of making quality products in leatherware industry.

## **PROSPECTS**

Looking forward, the Group will endeavor to seek for more potential OEM, ODM customers by ways of comprehensive marketing campaign and leverage on our strength in the overseas market in order to capture for a larger market share. Recently, the Group has received an initial order from a new famous brand customer who has more than 5,000 sales outlets worldwide. The customer has shown great appreciation and satisfaction with our products and services. Additionally, our major customer in Japan that sold men belts only before, has now placed orders for ladies belts as well. Being the sole supplier for this customer, the Group believes that it would be the key potential growth in Japan in the future.

In line with the Group's market expansion strategies in the PRC, the Group actively sought for potential customers in especial of renowned domestic brands so as to increase the sales in this blooming market. In the long run, the Group will continue to participate in trade fairs and exhibitions in order to expose our products to more potential customers.

Leveraging on the extensive sales network of the Group retail agent — Bauhaus, the Group will not only carry wallets and belts, but will expand the selection of leather goods to include backpacks and handbags in July 2004. The Group will continue to diversify the product line and launch more fashion clothing and accessories, including jeans, T-shirts and watches so as to deepen market penetration and to broaden market share.

The retail business in Hong Kong and other Asian countries will be another focus of development of the Group in the coming year. The breakthrough is our first store of our brand Stranger is going to be opened in Hong Kong in October 2004 in Langham Place. The Group believes that the first outlet of Stranger inside Langham Place - the becoming most prestigious 5-star shopping and business complex in Kowloon, will bring customers a refreshing touch to the brand.

Geographically, the Group has extended the sales network to Singapore through an exclusive retail distributor by placing Stranger products in its retail chain stores in July 2004. The retail business establishment in Singapore will be essentially regarded as a stepping stone for the further retail business extension of the Group in the PRC, Japan, Korea, Taiwan, Malaysia, and other Asia regions in the coming future.

## **USE OF PROCEEDS**

The proceeds from the Company's issue of new shares at the time of its listing on the Stock Exchange on the Listing Date, after deduction of related issuance expenses, amounted to approximately HK\$29.3 million. The use of the proceeds since its Listing Date and up to 31st March, 2004 was as follows:

- as to approximately HK\$469,000 for further development of the Group's production facilities in Dongguan;
- as to approximately HK\$350,000 for strengthening the Group's production development capability and to diversify the Group's product categories;
- as to approximately HK\$280,000 for promotion of activities and further development of the Group's brand recognition; and
- as to approximately HK\$5 million as general working capital of the Group.

As at 31st March, 2004, the balance of the proceeds of approximately HK\$23.2 million was placed on short-term deposits with licensed banks in Hong Kong.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31st March, 2004, the Group's cash and bank deposits were approximately HK\$67 million (2003: HK\$54.3 million).

As at 31st March, 2004, the Group had aggregate banking facilities in respect of import/export facilities of approximately HK\$8 million were secured by corporate guarantees provided by the Company.

The Group recorded total current assets of approximately HK\$113 million as at 31st March, 2004 (2003: HK\$87.8 million) and total current liabilities of approximately HK\$13.8 million (2003: HK\$8.7 million). The current ratio of the Group, calculated by dividing the total current assets by the total current liabilities, was approximately 8.2 times as at 31st March, 2004 (2003: 10.1 times).

Supported by its strong financial position, the Group had not raised any bank loan during the year.

The Group recorded an increase in shareholders' funds from approximately HK\$ 86.3 million as at 31st March, 2003 to approximately HK\$105.7 million at 31st March, 2004. The increase was mainly attributable to the proceeds from exercise of share options of the Company and operating profit generated during the year.

## **TREASURY POLICY**

The Group generally finances its operation with internally generated resources.

Cash and bank deposits of the Group are mainly denominated in Hong Kong dollars.

Transactions of the Group are mainly denominated either in Hong Kong dollars, Renenbi or United States dollars such that the Group does not have significant exposure to foreign exchange fluctuation.

Though the Group does not engage in any hedging contracts, the Group's exposure to foreign exchange risk is minimal.

## **EMPLOYEE INFORMATION**

As at 31st March, 2004, the Group had 29 full time employees in Hong Kong and 56 in the PRC. The Group remunerated its employee mainly based on their individual performance. Apart from basic salaries, discretionary bonus, contribution to the statutory retirement scheme, the Group adopted a share option scheme whereby certain employees of the Group may be granted options to subscribe for shares of the Company.

## **CONTINGENT LIABILITIES**

At the balance sheet date, the Company has given guarantees to banks in respect of general facilities granted to its subsidiaries. The extent of such facilities utilised by the subsidiaries at 31st March, 2004 amounted to approximately HK\$1 million (2003: Nil).

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES**

The Company has complied throughout the year ended 31st March, 2004 with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "Audit Committee") on 18th February, 2003. The written terms of reference which disclose the authority and duties of the Audit Committee were prepared and accepted with reference to "A Guide from the Foundation of an Audit Committee" published by the Hong Kong Society of Accountants and in compliance with the Code of Best Practice set out in Appendix 14 of the Listing Rules.

## **PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

All information of the annual results of the Group for the year ended 31st March, 2004 required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange's website in due course.

On behalf of the Board  
**Chan King Hong Edwin**  
*Chairman*

Hong Kong 9th July, 2004

As at the date of this announcement, Mr. Chan King Hong, Edwin, Mr. Chan King Yuen, Stanley, Ms. Chan Wai Po, Rebecca are the executive directors of the Company, Mr. Fong Pui Sheung, David, Ms. Chau Cynthia Sin Ha *JP* and Mr. Or Kam Chung, Janson are the independent non-executive directors of the Company.



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Chanco International Group Limited (the “Company”) will be held at 3rd Floor, Victory Industrial Building, Nos. 151–157 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong, at 10:00 a.m. on 10th August, 2004 for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and the auditors for the year ended 31st March, 2004.
2. To declare a final dividend for the year ended 31st March, 2004.
3. To re-elect the retiring directors and to authorize the board of directors to fix the remuneration of the directors.
4. To re-appoint auditors and to authorize the board of directors to fix their remuneration.
5. As special business, to consider, and if thought fit, pass the following resolutions:

### ORDINARY RESOLUTIONS

#### A. “THAT:

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than by way of a Rights Issue (as hereinafter defined) 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 in the Company or any shares of the Company issued as scrip dividends pursuant to the memorandum and articles of association of the Company, new shares with an aggregate nominal value not exceeding 20% of the aggregate of the total nominal value of the share capital of the Company in issue on the date of 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 whichever is the earliest of:

  - (i) the date of the next annual general meeting of the Company;
  - (ii) the date on which the next annual general meeting of the Company is required to be held by law or the articles of the association of the Company; and
  - (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.



“Rights Issue” means an offer of shares or other securities of the Company open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the law of, or the requirements of any recognized regulatory body or any stock exchange in any territory applicable to the Company).”

B. “THAT:

(a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares on the Stock Exchange of Hong Kong Limited (“Stock Exchange”), subject to and in accordance with all applicable laws and rules, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of the Company to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution 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 earliest of:

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

(ii) the date on which the next annual general meeting of the Company is required to be held by law or the articles of association of the Company; and

(iii) the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.”

C. “THAT conditional upon resolution nos. 5A and 5B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 5B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 5A above.”

### **SPECIAL RESOLUTIONS**

D. “THAT the articles of association of the Company be amended as follows:

1. by adding the following definition in Article 2 immediately after the definition of “Articles”:

“associate(s)” the meaning attributed to it in the rules governing the listing of shares of the Company on the Designated Stock Exchange.

2. by deleting the definition of “Subsidiary and Holding Company” in Article 2 and substituting thereof the following:

“Subsidiary and Holding Company” the meanings attributed to them in the rules governing the listing of shares of the Company on the Designated Stock Exchange.

3. inserting the Article 66 the words “Subject to the rules prescribed by the Designated Stock Exchange governing the listing of shares of the Company,” in tenth line immediately after the word “hands”;
4. by re-numbering existing Article 76 as Article 76(1) and inserting the following as new Article 76(2):

“(2) Where any Member is, under the rules governing the listing of shares of the Company on the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”

5. by deleting Article 88 and substituting thereof the following:

88. No person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting of the intention to propose that person for election as a Director and a Notice signed by that person of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

6. by deleting Article 103 in its entirety and substituting thereof the followings:

103.(1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
  - (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company;
  - (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director or his associate(s) is/are beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of his associate(s) is derived); or
  - (vi) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors or his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director or his associate(s) as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owned five (5) per cent or more if and so long as (but only if and so long as) he and his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his/their interest or that of any of his associate(s) is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director and/or his associate(s) holds five (5) per cent or more is/are materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.

- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.

By Order of the Board  
**Lau Wai Hung**  
*Company Secretary*

Hong Kong, 9th July, 2004

*Notes:*

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited of Rooms 1901-05, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (2) The Register of Members of the Company will be closed from 5th August, 2004 to 10th August, 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the forthcoming Annual General Meeting, all transfers 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 Rooms 1901-05, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 4th August, 2004.
- (3) In order to qualify for the final dividend payable on 12th August, 2004, all transfers, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited of Rooms 1901-05, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 4th August, 2004.