



FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Website: <http://www.fareastconsortium.com.hk>

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2003

RESULTS

The Board of Directors of Far East Consortium International Limited (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2003 together with the comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2003

	Year ended 31st March,	
	2003	2002
	HK\$'000	HK\$'000
Turnover	796,057	691,590
Cost of sales	(655,948)	(521,944)
Gross profit	140,109	169,646
Other operating income	10,229	35,390
Selling and distribution expenses	(2,554)	(4,427)
Administrative expenses	(137,424)	(130,869)
Other operating expenses	(13,591)	(28,347)
(Loss) profit on disposal of investment properties	(22,590)	392
Unrealised holding losses on investments in securities	(2,000)	(2,464)
Impairment losses recognised in respect of overseas properties and investments	(13,602)	(177,078)
Loss on profit guarantee	-	(18,145)
Profit on disposal of a subsidiary	890	-
Loss on disposal of an associate	(1,708)	-
Share of results of a jointly controlled entity	12,487	3,124
Share of results of associates	(45,050)	(7,927)
Finance costs	(41,743)	(47,210)
Loss before taxation	(116,547)	(207,915)
Taxation	(25,324)	(4,343)
Loss before minority interests	(141,871)	(212,258)
Minority interests	10,154	8,128
Net loss for the year	(131,717)	(204,130)
Dividend	19,703	19,355
Loss per share		
- Basic	(13 cents)	(21 cents)

Notes:

1. Basis of presentation

The Group has adopted the following new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants in preparation of the financial statement for the current year. Accordingly, certain comparative figures for the prior year have been restated in order to achieve a consistent presentation.

SSAP 11 (Revised)	Foreign Currency Translation
SSAP 15 (Revised)	Cash Flow Statements
SSAP 34	Employee Benefits

2. Turnover and segment information

For management purposes, the Group is currently organised into five operating divisions – securities investment, property development and investment, hotel operations, industries, and treasury. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Securities investment	–	securities investment
Property development and investment	–	properties development, investment in properties and property rental
Hotel operations	–	hotel operation and management
Industries	–	boiler manufacturing
Treasury	–	loan financing

Segment information about these businesses is presented below.

	Property development and investment HK\$'000	Securities investment HK\$'000	Hotel operations HK\$'000	Industries HK\$'000	Treasury HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
2005								
TURNOVER								
External sales	687,024	40,257	42,076	26,700	–	–	–	796,057
Inter-segment sales	27,560	–	–	–	–	–	(27,560)	–
Total turnover	714,584	40,257	42,076	26,700	–	–	(27,560)	796,057
Inter-segment sales are charged at prevailing market rates.								
RESULT								
Segment results	18,977	(168)	1,771	(3,882)	(20,091)	(6,264)	–	(9,657)
Other operating income	2,731	486	1,438	2,166	(1,660)	5,068	–	10,229
Unrealised holding losses on investments in securities	–	(2,000)	–	–	–	–	–	(2,000)
Impairment losses recognised in respect of overseas properties and investments	(13,602)	–	–	–	–	–	–	(13,602)
Profit on disposal of subsidiary	890	–	–	–	–	–	–	890
Loss on disposal of investment properties	(22,590)	–	–	–	–	–	–	(22,590)
Loss on disposal of an associate	–	–	–	–	–	(1,708)	–	(1,708)
Share of results of a jointly controlled entity	–	–	–	–	–	12,487	–	12,487
Share of results of associates	(2,216)	(32,243)	–	–	248	(10,839)	–	(45,050)
Finance costs	–	–	–	–	–	–	–	(41,743)
Unallocated corporate expenses	–	–	–	–	–	–	–	(3,803)
Loss before taxation	–	–	–	–	–	–	–	(116,547)
Taxation	(25,283)	941	–	–	(980)	(2)	–	(25,324)
Loss after taxation								(141,871)
2002								
	Property development and investment HK\$'000	Securities investment HK\$'000	Hotel operations HK\$'000	Industries HK\$'000	Treasury HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER								
External sales	567,499	50,217	41,908	26,745	5,221	–	–	691,590
Inter-segment sales	30,112	–	–	–	–	–	(30,112)	–
Total turnover	597,611	50,217	41,908	26,745	5,221	–	(30,112)	691,590
Inter-segment sales are charged at prevailing market rates.								
RESULT								
Segment results	38,220	(4,290)	5,351	(17,825)	(7,288)	(2,327)	–	11,841
Other operating income	2,730	338	1,381	1,193	27,421	2,327	–	35,390
Unrealised holding losses on investments in securities	–	(2,464)	–	–	–	–	–	(2,464)
Impairment losses recognised in respect of overseas properties and investments	(167,518)	(9,560)	–	–	–	–	–	(177,078)
Profit on disposal of investment properties	392	–	–	–	–	–	–	392
Loss on profit guarantee	(18,145)	–	–	–	–	–	–	(18,145)
Share of results of a jointly controlled entity	–	–	–	–	–	3,124	–	3,124
Share of results of associates	3,186	(9,721)	–	–	256	(1,648)	–	(7,927)
Finance costs	–	–	–	–	–	–	–	(47,210)
Unallocated corporate expenses	–	–	–	–	–	–	–	(5,838)
Loss before taxation	–	–	–	–	–	–	–	(207,915)
Taxation	(3,371)	(180)	–	–	(308)	(484)	–	(4,343)
Loss after taxation								(212,258)

Geographical Segments

A geographical analysis of the Group's turnover by location of market is as follows:

	Sales revenue by geographical market	
	2003 HK\$'000	2002 HK\$'000
By geographical		
Hong Kong	154,876	84,350
Other regions in the People's Republic of China ("PRC")	156,305	104,525
Malaysia	123,954	307,815
United States of America	-	1,384
Australia	355,198	188,137
Singapore	5,722	5,379
Others	2	-
	<u>796,057</u>	<u>691,590</u>
3. Depreciation	2003	2002
	HK\$'000	HK\$'000
Depreciation of		
Owned assets	11,082	9,705
Assets held under finance leases	305	177
	<u>11,387</u>	<u>9,882</u>
4. Impairment loss recognised in respect of overseas properties and investments	2003	2002
	HK\$'000	HK\$'000
Impairment loss recognised on property, plant and equipment	13,002	-
Impairment losses recognised on property under development for sale	-	79,660
Impairment loss recognised on property under development	600	33,932
Impairment losses recognised on investment in associate	-	53,925
Impairment losses recognised on deposit for acquisition of an investment	-	9,561
	<u>13,602</u>	<u>177,078</u>
5. Taxation	2003	2002
	HK\$'000	HK\$'000
The charges (credit) comprise		
Profits for the year		
Hong Kong	411	1,697
Other regions in the PRC	2,426	579
Other jurisdictions	2,482	6,208
	<u>5,319</u>	<u>8,484</u>
Prior years		
Hong Kong	15,680	(492)
Other regions in the PRC	4,183	15
Other jurisdictions	594	-
	<u>20,457</u>	<u>(477)</u>
Deferred taxation		
Other regions in the PRC	-	(5,173)
Taxation attributable to the Company and its subsidiaries	25,776	2,834
Share of taxation attributable to associates	(452)	1,509
	<u>25,324</u>	<u>4,343</u>

Hong Kong Profits Tax is calculated at 16% (2002: 16%) of the estimated assessable profit of each individual company, after making adjustments for taxation purposes and after deducting any available tax relief for losses brought forward. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. Dividend

During the year, scrip dividend alternatives were offered in respect of the 2002 and 2001 final dividend. These scrip dividend alternatives were accepted by the majority of shareholders, as follows:

	2003 <i>HKS'000</i>	2002 <i>HKS'000</i>
Dividend:		
Cash	12,558	11,995
Share alternative	6,797	7,054
	<u>19,355</u>	<u>19,049</u>

The final dividend HK2 cents (2002: HK2 cents) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

7. Loss per share

The calculation of loss per share is based on the net loss for the year of HK\$131,717,000 (2002: net loss of HK\$204,130,000) and on the weighted average number of 976,466,000 (2002: 958,823,000) ordinary shares in issue during the year.

Diluted loss per share has not been presented because the Company does not have any dilutive potential ordinary share.

DIVIDEND

The directors recommend a final dividend for the year ended 31st March, 2003 of HK2 cents (2002: HK2 cents) per share to shareholders whose names appear on the Company's Register of Members on 29th August, 2003 amounting to HK\$19,703,000. The final dividend will take the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements ("Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the annual general meeting to be held on 29th August, 2003; and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the five trading days prior to and including 29th August, 2003. Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders together with a form of election on or about 5th September, 2003. Dividends warrants or new shares certificates will be posted on or about 30th September, 2003.

BOOK CLOSE

The register of members of the Company will be closed from Monday, 25th August, 2003 to Friday, 29th August, 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Standard Registrars Limited of G/F BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 22nd August, 2003.

REVIEW OF OPERATION, OUTLOOK AND STRATEGY

1. Property Development Division

Hong Kong

Baker Street, Hung Hom - This is a 32-storey commercial-residential development with a gross floor area of approximately 55,000 sq.ft comprises of 104 residential units, 26 car parks and 2 floors of commercial shopping units. The building was completed and occupancy permit obtained at the end of the year 2002. Over 75 units have been sold to date.

Pak Shek Wo, Sai Kung - This is a 15 units detached house development with a total gross floor area of 18,000 sq.ft built on a 30,000 sq.ft site. Construction started in the year 2002 and due for completion by the end of the year 2003. The sales launch is scheduled in August/September 2003.

Chuk Kok, Sai Kung - This is a 10 units detached house development with a gross floor area of 12,000 sq.ft built on a 30,000 sq.ft site. The construction is currently in progress and the completion is expected by end of the year 2004. The sales launch is scheduled in the middle of the year 2004.

Tan Kwai Tsuen, Yuen Long - This project is a 4-storey apartment development with 62 units with a total gross floor area of approximately 52,000 sq.ft. The company is in the process of applying land exchange and access road formation.

Sheung Yeung, Sai Kung - This project is a development of 24 village houses with a total gross floor area of approximately 50,000 sq.ft. Building work on phase 1 with 4 houses has commenced in July, 2002 and due for completion by end of the year.

Hung Shui Kiu, Yuen Long - This is a 7-storey residential development project with a total gross floor area of approximately 38,000 sq.ft. The company is currently in the process of applying for land exchange.

Fung Lok Wai, Yuen Long - This is a raw land investment for residential estate development with a total land area of approximately 8,610,000 sq.ft. The Group holds an approximately 21.66% beneficial interest in this project. The controlling shareholder in this joint venture being Cheung Kong (Holdings) Ltd. is the agent and project manager of this project.

China

California Garden, Shanghai - New China Homes Ltd. has completed 2,388 units of residential and commercial property sitting on a total land area of approximately 4.5 million sq.ft with a gross floor area of approximately 3.6 million sq.ft. over 98% of the units have been sold to date. The Group decided to privatise New China Homes Ltd. pursuant to an announcement to the Company's shareholders dated 24th January, 2003 and the privatisation was completed on the 23rd of April, 2003 with over 95% of New China Homes Ltd. shareholders accepted the proposal.

Bauhinia Garden, Shanghai - This is a 390 units of townhouse development with a total gross floor area of approximately 0.92 million sq.ft and sitting on a total land area of 1.15 million sq.ft. The construction is currently in progress. The completion is expected by beginning of the year 2004. The sales is expected to launch in the fourth quarter or by the end of the year 2003.

New Time Plaza, Guangzhou - The Group owns 45% of this development comprises of an auxiliary building completed with 8,000 sq.m. and a proposed 29-storey residential tower with a gross floor area of approximately 27,000 sq.m. Construction work is in progress.

Malaysia

Karunmas Ehsan - This project consists of a total of 812 units of terrace house, condominium, low cost flats and shop offices. Occupancy Permits for Phase 1, 2 and 3 totaling 426 units of terrace houses, 240 units of condominiums and 41 units of shop houses have been obtained. More than 80% of the completed units have been sold to date. There are 105 units of low cost apartment still under construction and expected completion by end of the year 2003.

Taman Teluk Gedong Ludah - This project consists of 628 units of terrace houses and 200 units of low cost flats. The terrace houses have been completed and occupancy permit obtained while the low cost flats are still under construction.

Australia

Flinder Wharf, Melbourne - The Group owns 50% of this high-class residential development with 301 units located on the Yarra River in the city of Melbourne next to the Melbourne Exhibition and Convention Centre and The Crown Casino. The project has achieved over 90% sold to date. Construction commenced in February 2002 and as of to date the project is over 70% completed and it is scheduled for full completion by the fourth quarter of 2003.

2. Hotel Division

Dorsett Garden Hotel and Dorsett Seaview Hotel - The Group operates two 3-stars hotels in Hong Kong with a total of 368 rooms. The two hotels maintain an average occupancy rate of over 90% throughout the period under review and provide a steady income to the Group.

Dorsett Regency Hotel, Kuala Lumpur - This 320 rooms hotel is located right at the Centre Business District of the busy Kuala Lumpur. The hotel continues to perform well with an average occupancy rate of close to 80% for the period under review, maintaining its status as one of the top 4-star hotel in Kuala Lumpur.

387 Queen's Road East, Wanchai - This is a 21 storey 4 star hotel refurbishment project with a total of 460 rooms and a gross floor area of approximately 183,000 sf.ft. The refurbishment started at the beginning of this year and is expected to complete by December 2003.

Kau U Fong, Central - This is a hotel development site for approximately 167 rooms in a 34-storey building with a total gross floor area of approximately 63,000 sq.ft. Building plans have been submitted for government approval. Completion date for this hotel is scheduled by the end of the year 2004.

Anchor Street, Tai Kok Tsui - a 21-storey hotel development with approximately 137 rooms with a gross floor area of 46,000 sq.ft. With the town planning application approved, construction has commenced in November 2002 and is scheduled for completion by the middle of the year 2004.

Dallas Grand Hotel, Dallas, USA - after the 911 event in the USA, the Group has decided to tie up this hotel with an international 'Brand' and is currently reviewing the franchise arrangement with the prospective Brand. The refurbishment and upgrading program of this hotel will commence when the franchise agreement is finalised and the financing of the refurbishment project is obtained.

3. Industrial and Infrastructure Division

The boiler factory in Guangzhou had a moderate performance. The Board believes that the operation of the boiler factory will gradually improve.

The Company has completed construction of a 68% interest in the 44km of the National Highway 311 in Henan Province, which has been fully operational since January 2001 with two-ways toll road collections. This investment yields a good return (approximately HK\$12.5 millions) for the Group in the period under review.

4. Recurrent Income

The Group's rental income comes mainly from commercial/office buildings in Hong Kong. The occupancy rate of leased tenants maintains at an average of more than 85% during this review period. The current annually recurring rental revenue is approximately HK\$75 million with a potential to increase to more than HK\$100 million a year once the renovation of Mongkok building is completed by end of 2003. The Group's hotel division also provides a steady cash flow from its operation.

5. Corporate Overview

Despite the unfavourable economic environment in Hong Kong during the year under review, the Group was fortunate to maintain growth in both turnovers and quality assets. We have achieved this objective by taking advantage of the changing market conditions in both China and Hong Kong for the past five years in property acquisitions in Hong Kong, timely investment in hotel industries in Hong Kong and property investment and development in Mainland China.

The Group's three residential projects at Pak Shek Wo, Chuk Kok and Sheung Yeung which will be launching for sales in the next six months together with the completed project Bakerview in Hung Hom currently on sales in the market, are expected to be fully sold at reasonable prices would contribute total sales in excess of HK\$300 million in the ensuing year. The Group will be benefited from this sector as these land properties were bought in post-1997 when the prices were reasonable.

The Group commenced its hotel division in Hong Kong, in early 2001 with the acquisition of two 3-star hotel (with 368 rooms) and has contributed satisfactory yield to the Group. To date, the Group has one 4-star hotel with 460 rooms under refurbishment which will be ready for operation in early 2004 and two new-built hotels (with 304 rooms) under construction which will be completed in 2005. Your directors are confident that the hotel division will provide steady cash flow and good recurring income to the Group in the ensuing years.

With the satisfactory results and experience in the California Garden residential project in Shanghai, the Group will continue to explore and to develop residential projects in Shanghai and other selected cities in Mainland China to take advantage of the upsurging economy and the huge emerging market of the decade.

Your directors will remain cautious in evaluating markets conditions and investment opportunities, with the principal aim to maintain a healthy cash flow position and a solid foundation for future expansion of the Group.

CORPORATE RESULTS

During the financial year under review, the turnover was HK\$796 million, an increase of 15% as compared to HK\$692 million of the corresponding period in 2002. The company incurred a loss attributable to shareholder of HK\$132 million in the year 2003. Included in the loss for the year ended 31st March, 2003 of our share of loss amounting to approximately HK\$52 million in a listed associate in Hong Kong, Far East Technology International Limited in which the Group owns 28.2% during the year; loss on disposal of a rental property amounting to HK\$22 million; and government profit tax assessments on prior year transactions on a rental property in a fully-owned subsidiary of HK\$16 million. The aggregate of the aforesaid totalling HK\$90 million which in the opinion of the management are "one-off" exceptional items and are non-recurring in nature. However, the operation of the hotel division in Hong Kong continued to yield good return in the year under review.

FINANCIAL RESOURCES AND LIQUIDITY

Business activities of the Group are funded mainly by bank borrowing and cash generated from operating activities. As at 31st March, 2003, the Group total borrowing amounted to HK\$1,594 million (2002 - HK\$1,209 million) with HK\$520 million repayable within one year and HK\$1,074 million repayable beyond one year. The majority of such increase was due to an acquisition during the year under review of our proposed 460 rooms hotel property in Queen's Road East, Wanchai, Hong Kong for approximately HK\$350 millions inclusive of refurbishment and renovation costs.

As at the year end, all the Group's borrowings bear interest rates charged were in line with the best lending rates either at prime or based on the Hong Kong Inter-bank offer rate. As a result of the abovesaid acquisition of the 460 rooms hotel, the Group's gearing ratio increased to 0.66 as at 31st March, 2003 from the previous year of 0.5 based on total borrowing of HK\$1,594 million over the Group's shareholder's fund of HK\$2,397 million.

Current Ratio

The current ratio (current assets/current liabilities) of the Group at 31st March, 2003 was 1.3 (2002 - 1.1)

Exchange rate

The group was not exposed to material exchange rates fluctuation during the year.

Pledge of assets

As at 31st March, 2003, certain of the Group's properties and bank deposits with an aggregate value of HK\$2,225 million (2002 - HK\$1,707 million) have been pledged to bank to secure credit facilities to the Group.

Contingent Liabilities

As at the balance sheet date, total contingent liabilities of the Group in respect of guarantees issued to secure the banking facilities made available to the subsidiaries, third parties and an investee company were approximately HK\$78 million (2002 - HK\$82 million)

Acquisition and disposals

During the year under review the Group acquired an existing building in Wanchai which, is to be refurbished into a 460 rooms 4 star hotel. This is in line with the Group's overall strategy to focus on 3 to 4 star hotel as well as property development and property investment in Hong Kong and China. The Group also continues to dispose off several overseas assets and non performing assets in Hong Kong during the year under review.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 31st March, 2003 was approximately 1,500. Employees are remunerated according to nature of the job and market conditions. The Group has not adopted any training scheme for the employees during the year. Details of share option scheme will be disclosed in the Company's annual report for the year ended 31st March, 2003.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

During the year, the Company and its subsidiaries have not purchased, sold or redeemed any of the securities in the Company.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed annual results containing the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be released on the Stock Exchange's website in due course.

On behalf of the Board
DAVID CHIU
Deputy Chairman

Hong Kong, 25th July, 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Far East Consortium International Limited (the "Company") will be held at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Friday, 29th August, 2003 at 3:00 p.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 31st March, 2003.
2. To declare a final dividend.
3. To re-elect directors and to fix the directors' fees.
4. To re-appoint auditors and to authorize the directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass with or without modification, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

A. "THAT":

- (i) subject to paragraph (iii) below, 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 of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (c) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time; or (d) an issue of shares under any option scheme or similar arrangement for the grant or issue to employees and/or other eligible persons of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% 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
- (iv) For the purpose of this Resolution,
"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest 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 law to be held; and
 - (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions 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 laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

B. **“THAT:**

- (i) subject to paragraph (ii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (i) above shall not exceed 10% 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
- (iii) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest 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 law to be held; and
 - (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

- C. **“THAT** subject to the passing of the Resolution Nos. 5A and 5B set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot and deal with additional shares pursuant to Resolution No. 5A set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5B set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the said Resolution.”

By Order of the Board
Chow Kwok Wor
Company Secretary

Hong Kong, 25th July, 2003

Notes:

1. The register of members of the Company will be closed from Monday, 25th August, 2003 to Friday, 29th August, 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrars, Standard Registrars Limited of G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 22nd August, 2003.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.
3. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the principal office of the Company at 16th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. A circular containing further details regarding Resolutions Nos. 5A to 5C above will be sent to shareholders in due course.