



China United  
International Holdings Limited  
互聯控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 273)

## FINANCIAL HIGHLIGHTS

Audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2004:

	<i>Note</i>	<b>2004</b> <i>HK\$'000</i>	<b>2003</b> <i>HK\$'000</i>
Turnover	3	92,744	138,937
Other income		14,383	13,720
Cost of trading securities sold		(87,356)	(54,544)
Depreciation and amortisation expenses		(1,678)	(4,377)
Staff costs		(8,785)	(22,374)
Finance costs for provision of financial services		—	(7,029)
Other operating expenses		<u>(73,579)</u>	<u>(333,669)</u>
<b>Loss from operations</b>		<b>(64,271)</b>	<b>(269,336)</b>
Impairment losses on:			
- Property, plant and equipment		—	(21,000)
- Investment properties		—	(20,300)
- Goodwill on consolidation of subsidiaries		—	(1,006)
- Interests in associates		(75,036)	(1,485)
- Other securities		—	(13,652)
Negative goodwill released upon recognition of impairment loss in an associate		21,246	—
Profit on disposal of interests in subsidiaries		—	245,319
Profit on disposal of partial interests in subsidiaries		—	1,056
Loss on deemed disposal of interests in subsidiaries		—	(1,809)
(Loss) Profit on deemed disposal of interest in an associate		(24,045)	2,500
Share of loss of an associate		(180,577)	—
Other finance costs		<u>(14,185)</u>	<u>(37,131)</u>
<b>Loss from ordinary activities before taxation</b>		<b>(336,868)</b>	<b>(116,844)</b>
Taxation		—	5,800
<b>Loss from ordinary activities</b>		<b>(336,868)</b>	<b>(111,044)</b>
Minority interests		—	77,305
<b>Loss attributable to shareholders</b>		<b><u>(336,868)</u></b>	<b><u>(33,739)</u></b>
<b>Dividends</b>	6	<u>—</u>	<u>17,201</u>
<b>Loss per share — Basic</b>	7	<u>(28 cents)</u>	<u>(9 cents)</u>

Notes:

## 1. GROUP REORGANISATION AND BASIS OF PREPARATION

Pursuant to a group reorganization under a scheme of arrangement (“the Group Reorganization”) sanctioned by the Supreme Court of Bermuda, which became effective on 3 January 2003, the Company issued its shares to the shareholders of China United Holdings Limited (“CU Bermuda”), the then ultimate holding company of the Group, in exchange for the entire issued share capital of CU Bermuda. CU Bermuda then became a wholly owned subsidiary of the Company, which became the holding company of the companies now comprising the Group.

Upon completion of the Group Reorganization on 3 January 2003, the Company’s shares were listed on the Stock Exchange by way of introduction on 6 January 2003 and the listing status of CU Bermuda was withdrawn on 3 January 2003. Before the end of 2003, CU Bermuda and certain of its subsidiaries (collectively known as the “Old CU Group”) had been disposed of by the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Statements of Standard Accounting Practice (“SSAP”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

### Recently issued accounting standards

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (‘new HKFRSs’) which are effective for the accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group is in the process of making an assessment of the impact of these new HKFRSs and has so far concluded that the revised standards may have impact to its consolidated accounts as described below:

Hong Kong Accounting Standard 40 (“HKAS 40”) on investment property

The adoption of HKAS 40 would require all revaluation gains or losses of investment properties to be taken directly to the income statement, whereas under the old standards such changes are generally taken to the revaluation reserve on a portfolio basis. The volatility of property prices therefore could have significant impact on the level and consistency of the Company’s future operating profits.

## 3. TURNOVER

	<b>2004</b>	<b>2003</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
Proceeds from sale of trading securities	81,765	80,091
Interest income	10,661	43,800
Brokerage fees and commission income	—	9,102
Dividend income from listed securities	—	88
Rental income	318	5,856
	<u>92,744</u>	<u>138,937</u>

#### 4. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segments are its primary reporting format and geographical segments are its secondary reporting format, with each segment organised and managed separately.

##### Business segments

Business segments of the Group comprise the following:

Investment in trading securities	: Purchase and sale of securities
Brokerage and financial services	: Provide securities brokerage services, financial advisory services and loan financing
Property investment	: Lease of properties for rentals
Investment holding	: Holding investments for dividend income and capital appreciation

*Note:* Following the partial disposal of Hennabun Management International Limited, formerly known as Hennabun Management Inc. ("HMI"), HMI became an associate of the Company effectively on 31 December 2003 and, as a result, portion of the segment revenue and segment results attributable to HMI were included in share of results of an associate from 1 January 2004 onwards.

The Group's inter-segment transactions were mainly related to rental charges of which terms were similar to those contracted with third parties.

The following tables show revenue and profit information for these segments for the years ended 31 December 2004 and 2003.

	<b>Year ended 31 December 2004</b>					
	<b>Investment in trading securities</b>	<b>Brokerage and financial services</b>	<b>Property investment</b>	<b>Investment holding</b>	<b>Unallocated</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue						
Turnover						
External customers	81,765	10,661	318	—	—	92,744
Inter-segments	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	81,765	10,661	318	—	—	92,744
Other revenue	<u>—</u>	<u>—</u>	<u>3,350</u>	<u>—</u>	<u>11,033</u>	<u>14,383</u>
Total revenue	<u>81,765</u>	<u>10,661</u>	<u>3,668</u>	<u>—</u>	<u>11,033</u>	<u>107,127</u>
Segment results	(7,634)	(66,433)	2,986	(542)	7,352	(64,271)
Impairment losses						(75,036)
Negative goodwill released						21,246
Loss on deemed disposal of interest in an associate						(24,045)
Share of loss of an associate	5,997	(139,578)	—	(20,136)	(26,860)	(180,577)
Other finance costs						(14,185)
Taxation						<u>—</u>
Loss attributable to shareholders						<u>(336,868)</u>

Year ended 31 December 2003

	Investment in trading securities	Brokerage and financial services	Property investment	Investment holding	Elimination	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue							
Turnover							
External customers	80,179	52,902	5,856	—	—	—	138,937
Inter-segments	—	—	2,198	—	(2,198)	—	—
	80,179	52,902	8,054	—	(2,198)	—	138,937
Other revenue	—	13,014	—	36	—	670	13,720
Total revenue	<u>80,179</u>	<u>65,916</u>	<u>8,054</u>	<u>36</u>	<u>(2,198)</u>	<u>670</u>	<u>152,657</u>
Segment results	(57,210)	(38,293)	(6,877)	(4,718)	—	(162,238)	(269,336)
Impairment losses							(57,443)
Profit on disposal of interests in subsidiaries							245,319
Profit on disposal of partial interests in subsidiaries							1,056
Loss on deemed disposal of interests in subsidiaries							(1,809)
Profit on deemed disposal of interest in an associate							2,500
Other finance costs							(37,131)
Taxation							5,800
Minority interests							<u>77,305</u>
Loss attributable to shareholders							<u>(33,739)</u>

## 5. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the year ended 31 December 2004. Hong Kong Profits Tax had been provided at the rate of 17.5% on the Group's estimated assessable profits for the year of 2003.

The (credit) charge comprises:

	2004 HK\$'000	2003 HK\$'000
<b>Current tax</b>		
Hong Kong Profits Tax	—	4,200
Deferred taxation	—	(10,000)
	<u>—</u>	<u>(5,800)</u>

Deferred tax credited for the year ended 31 December 2003 was in respect of unrealised holding loss on trading securities, which was a reversal of temporary difference.

## 6. DIVIDENDS

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Special dividend in respect of 2003 of HK\$7 cents per share (equivalent to HK0.28 cents per share of CU Bermuda) and no dividend declared during the year.	<u>—</u>	<u>17,201</u>

The special dividends were paid out of the contributed surplus of CU Bermuda in January 2003.

## 7. LOSS PER SHARE

The calculation of the loss per share is based on the loss for the year of HK\$336,868,000 (2003: HK\$33,739,000) and on the weighted average number of 1,209,700,000 shares (2003: 368,868,500 shares) in issue during the year.

No diluted loss per share is presented for the years as conversion of the Company's outstanding convertible notes have an anti-dilutive effect.

## INDEPENDENT NON-EXECUTIVE DIRECTORS' EMOLUMENTS

Mr. Lam Ping Cheung is entitled to a director's fee of HK\$10,000 per month, Mr. Miu Frank H. is entitled to a director's fee of HK\$10,000 per month, Mr. Nakajima Toshiharu is entitled to a director's fee of HK\$2,000 per month and Ms. Lin Wai Yi is entitled to a director's fee of HK\$10,000 per month. Their director fees are determined by the Board with reference to their duties and responsibilities with the Company.

## SUMMARY OF AUDITORS' REPORT

The auditors of the Company (the "Auditors") have issued an "except for" audit opinion on the financial statements for the year. They planned their audit so as to obtain all the information and explanations which they considered necessary in order to provide them with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, the evidence available to them was limited to the extent that:

- (1) The Auditors had not been able to form a view in the previous year on the recoverability of loans receivable of HK\$15,362,000 as at 31 December 2003 and had qualified their audit report accordingly. Details of their qualification were more fully explained in the 2003 annual report.

The amount concerned has been fully provided for during the year of 2004. Any adjustments to the loans receivable balance as at 31 December 2003 would have consequential effect on the loss of the Group for the year ended 31 December 2004.

- (2) As at 31 December 2003, the net assets of the Group included interest in an associate of HK\$320,624,000 in respect of HMI. As the consolidated financial statements of HMI for the year ended 31 December 2003 were subject to audit qualifications, the Auditors had been unable to form a view as to whether the Group's share of HMI's net assets at 31 December 2003 was fairly stated. The auditors had therefore qualified their Auditors' report for that year. Details of their qualification were more fully explained in the 2003 annual report. Any adjustments to the Group's share of HMI's net assets at 31 December 2003 would have consequential effect on the loss of the Group for the year ended 31 December 2004.

## **PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

The annual report of the Group for the year ended 31 December 2004 containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules in force prior to 31 March 2004, which remain applicable to results announcements in respect of accounting periods commencing before 1 July 2004 under the transitional arrangement, will be published on the website of the Stock Exchange in due course.

## **DEAR SHAREHOLDERS**

### **BUSINESS REVIEW AND PROSPECTS**

#### **The Year in Review**

Fiscal 2004 was encouraging, a year of significant changes for the Company. Last year, in my statement to shareholders, I reported to you that the Company has moved its domicile to Hong Kong and the restructuring of the Company into China United International Holdings Limited and China United Holdings Limited ("CU Bermuda"). I also reported of the subsequent sale of CU Bermuda to a third party. I mentioned that the sale "benefited the Company" in that the "Directors can concentrate their efforts on more productive or rewarding business opportunities". In the same statement, I mentioned that in 2003 the Company "turned inward to focus on corporate restructuring and streamlining its business activities". I am encouraged by our efforts this year and I think we have made a great deal of progress.

In the past two months, the Board of Directors or I have received requests and granted several interviews to newspapers as well as magazines. Many of them pointed out the same facts that I as chairman or we as directors of the Company am and are well aware of, that is, the Company has posted a seven year loss, that the Company has in the past raised a large sum of money through the stock market, and that they are unclear as to the direction of the Company. The points they raised were certainly legitimate. I feel that they as media reporters who bring information to the general public and you as investors of this Company certainly deserve to know the answer. Since I am the Chairman and this is my statement, I have chosen to elaborate my answers here.

The current Board of Directors essentially took over the operation of the Company in 1998. The Company was heavily in debt as a result of various real estates purchased at the height of the market and several major investments in PRC which were not profitable. The Company had defaulted in every one of its loans. The new management was faced with close to HK\$1 billion debts that had to be repaid, creditors were threatening to sue if they had not already done so, and a cash position so poor that it was not enough to meet payroll. Our efforts were concentrated in saving the Company. During the past few years, we had repaid more than half of the debt. Many worthwhile projects came across our desks during those years, the choice that the Directors were faced with is whether to invest aggressively or conservatively. Given the financial situation that the Company was in, we chose some of the most aggressive projects with the highest projected returns. We invested in internet projects, in the dotcoms, and in China projects. The investors need not hear from me that high return comes with high risk and as a result of the burst of the internet bubble, the Asian financial crisis, and the crash of the Hong Kong real estate market, we too have suffered substantial loss.

Our annual report was qualified by our auditors last year for 2 reasons and I shall deal with one of the reasons here. The auditor mentioned “Fundamental Uncertainty”, an issue arises out of the sale of CU Bermuda in which the Directors considered that the “Group has no obligations to assume the liabilities, actual or contingent, .... and challenge by any interested party, if brought upon ... as to the validity of transaction ... or loss suffered as a result of the restructuring”. The auditors were concerned because prior to the release of the annual report, a creditor filed petition for the liquidation of CU Bermuda. During 2004, the creditor has settled with CU Bermuda. The same auditors are satisfied that this “Fundamental Uncertainty” does not exist anymore. China United International Holdings Limited or its subsidiaries are not involved in any unsettled legal actions at this time.

No longer burdened with debt or any legal problems, the Directors were able to continue to focus on streamlining existing business and focus on new directions for the Company.

## **Results**

During the year ended 31 December 2004, the turnover of the Group decreased to HK\$92.7 million as compared to that of HK\$138.9 million for the year ended 31 December 2003. The loss attributable to shareholders of HK\$336.9 million represents an increase of 9.9 times as compared with a loss of HK\$33.7 million for the year ended 31 December 2003. The loss per share was HK\$0.28 as compared with HK\$0.09 for the corresponding year ended 31 December 2003.

## **Liquidity and Capital Resources**

As at 31 December 2004, the Group’s total shareholders’ funds amounted to HK\$91.5 million compared with HK\$303.8 million at 31 December 2003. As at 31 December 2004, the Group had net current liabilities of HK\$117.3 million including cash and bank balances of HK\$10.7 million compared with net current liabilities of HK\$37.9 million comprising cash and bank balances of HK\$25.2 million at 31 December 2003. The gearing ratio (calculated by aggregated interest-bearing borrowings divided by shareholders’ fund) and current ratio of the Group was 198% and approximately 0.31 times at 31 December 2004, compared to 61.7% and 0.78 times respectively at 31 December 2003.

As at 31 December 2004, the Group has bank loans of HK\$32.1 million (31 December 2003: HK\$32.9 million), other loans of HK\$96.1 million (31 December 2003: HK\$90.5 million) and convertible notes of HK\$53 million (31 December 2003: HK\$63.8 million).

As most of the Group's transactions and bank deposits were denominated in Hong Kong dollars, the Group's exposure to foreign exchange risk was minimal.

### **Pledge of Assets**

As at 31 December 2004, certain assets of the Group with an aggregate carrying value of HK\$50.7 million (31 December 2003: HK\$49.3 million) have been pledged to banks and other financial institutions to secure credit facilities granted to the Group.

### **Contingent Liabilities**

At the balance sheet date, the Company had contingent liabilities not provided for in the financial statements in respect of guarantee of HK\$38,000,000 (2003: HK\$38,000,000) and HK\$75,000,000 (2003: HK\$125,000,000) for banking facilities granted to subsidiaries and associate respectively, which were utilised by subsidiaries and associate to the extent of HK\$32,054,000 (2003: HK\$32,915,000) and HK\$31,589,000 (2003: HK\$60,915,000) respectively.

As set out in the Company's 2003 annual report, the Company, CU Bermuda and HMI entered into an agreement under which approximately 18.68% of interest in HMI and 48.53% interest in another subsidiary were transferred from the Old CU Group to the Group. According to the agreement, CU Bermuda had a perpetual entitlement of 22% in the distribution of dividends, capital and assets by HMI. In addition, the Company made guarantee to CU Bermuda that if HMI failed to pay the said distributions to CU Bermuda, the Company would compensate CU Bermuda with the equivalent amount. During the year, CU Bermuda has confirmed in writing that the agreement has been cancelled and thereafter the guarantee made by the Company mentioned above was released accordingly.

As set out in the Company's 2003 annual report, the Company guaranteed to CU Bermuda that the Company would pay to CU Bermuda HK\$13,000,000 should the interest of an unlisted investment held in trust on behalf of CU Bermuda by the Company be affected by any inappropriate manner. During the period, the title in the investment was transferred to a nominee under CU Bermuda's instruction at a nominal consideration of HK\$1. The abovementioned guarantee was released consequently.

### **Purchase, Sale or Redemption of Securities**

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.



## Review and Outlook

Despite high global oil prices, the war on Iraq, and the political tension between China and Taiwan, the Hong Kong economy took a remarkable and somewhat surprisingly strong recovery this year. The property markets, and especially the high end markets, have risen or even gone beyond the highs set in 1997. The Company has taken the opportunity to further reduce its property holdings. The economy also benefited from the continual influx of mainland tourists and trade conventions. There also seems to be a renewed interest in the stock market. The Hong Kong economy is in general upbeat.

With a reported year end loss of over HK\$300 million, the inevitable question from investors is what made 2004 an encouraging year for China United. Last year, when we changed auditors, we asked the current auditors to “present a true picture to the public” and that they shall “leave no stones unturned”. However, we did not agree on the amount of loan provisions that should be reported in the financial statement last year. Consequently, this led to the other reason that the 2003 annual report was qualified.

The Company’s investment in HMI had been further diluted to 42.03% as at 31 December 2004. The Group still regards HMI and its subsidiaries (the “HMI Group”) as a close associate. In December 2004, HMI announced that Citigroup Global Markets Limited has become one of its shareholders and that it has also signed on as non-exclusive agent and advisor for Sojitz. The Company believes that with the upturn in economy, HMI Group’s financial advisory, brokerage, proprietary trading, and financial services can stand to benefit.

HMI Group engages in financial services. The business nature of provision of brokerage and financial services also require that the Group engages in the lending business. After the fall of Arthur Andersen and the likes of Worldcom and Enron, the accounting industry has become very conservative in its reporting, and in our specific case, the treatment of loans outstanding. The lending standard or qualification that the auditors would accept is substantially higher. As a result, the provision and write off for HMI amount to HK\$258 million while the net provision for the Company amounts to HK\$61 million. The Directors opted to accept these figures rather than to have the annual report qualified again. As we are still in the process of collecting on the various loans outstanding, we believe that this accounting treatment presents an extremely conservative picture on the financial strength of the Company.

During the year, the Company focused its effort on Macau related projects. Some of our Directors have always had close relationships with influential individuals in the Macau gaming industry while others have been developing their networks. On 10 December, the Company announced its first venture in Macau related business, the acquisition of Wide Asia Shipping S. A., a holding company that owns a vessel to be leased for gambling. This investment was subsequently disposed of in 2005 at a gain of over HK\$20 million.

Subsequent to year end, the Company also made announcements regarding an investment in Found Macau, a joint venture company for large scale investments in Macau, as well as other Macau Projects. The Company continues to evaluate projects on hand and will invest only after thoughtful and quantified evaluation of business.

2004 was an encouraging year because during the past year, we have made important decisions. We have aggressively moved forward in a new direction. We feel that we are focused on the right things, our strategy is sound, and we are sailing in the right direction.

The Company has on 11 April, 2005 announced to change its name to Willie International Holdings Limited. The name change does not have any impact on the Company's equity valuation but is an important milestone in the evolution of the Company. It does not signify a beginning or an end but it marks how far we have come and how much further we aspire to go. As we look to the future, we see bright prospects and we are prepared to meet the challenges ahead.

### **Employees/ Directors**

The Company has taken further steps to control and reduce its operation costs to an appropriate level. During the past year, as we become a progressive company, tremendous workloads have been place on the both the employees and the directors. I especially want to thank all the staff and directors for their many valuable contributions and for their hard work and dedication. It has certainly been a privilege to work with them and to serve you, our shareholders.

Subsequent to year end, the Company has appointed Mr. Nakajima Toshiharu, Ms. Lin Wai Yi, and Mr. Lau Da Yip as Non-Executive Director. On behalf of the Board, I would like to extend our sincere welcomes to the new directors. We are fortunate to be governed by a strong Board of independent directors who sets high standards consistent with their fiduciary duty to the shareholders. The Board would also like to thank Mr. Peter Ong for his many contributions during the past year. Mr. Ong resigned as an Independent Director in February 2005.

### **In Memory**

Just as I am writing this statement, a sad news that one of my classmates, Prof. Lo Yam Kuen, a professor at a local university, whom I had the chance of reacquainted during my 30th high school reunion last year, has been confirmed dead as a victim of the tsunami. I am once again reminded and proud of those employees who had devoted and continue to devote not only their money but also their time and effort in the various fund raising activities for the tsunami victims. Your care and concern have spread hope among those who have survived.

By Order of the Board  
**Chuang Yueheng, Henry**  
*Chairman*

Hong Kong, 15 April 2005

---

## NOTICE OF ANNUAL OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China United International Holdings Limited (the “Company”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Monday, 30th May 2005 at 9:00 a.m. for the following purposes:-

1. To receive and consider the Financial Statements and the Report of the Directors and Auditors of the Company for the year ended 31 December 2004.
2. To re-elect directors and to authorise the Board of directors to fix their remuneration.
3. To re-appoint auditors and to authorise the Board of directors to fix their remuneration.

As special businesses, to consider and if thought fit, pass with or without modification the following ordinary resolutions:

### ORDINARY RESOLUTIONS

4. **“THAT:-**

- (A) subject to paragraph (C) below, the exercise by the directors of the Company (the “Directors”) 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 (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (B) the Directors be and are authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or 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 pursuant to the approval in paragraphs 4(A) and (B), otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue, as 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 time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any applicable law of Hong Kong to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company 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 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 any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

5. **“THAT:-**

(A) subject to paragraph (C) below, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase securities in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to purchase such securities are subject to and in accordance with all applicable laws, be and is hereby, generally and unconditionally approved;

(B) the approval in paragraph (A) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its securities at a price determined by the Directors;

(C) the aggregate nominal amount of securities in the capital of the Company purchased or agreed conditionally or unconditionally 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 issued share capital of the Company as at the time 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 time of the passing of this resolution until whichever is the earliest of:-

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

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any applicable law of Hong Kong to be held; and
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
6. “**THAT** conditional upon the passing of the ordinary resolutions numbered 4 and 5 in the notice convening the meeting dated 15th April, 2005, the aggregate nominal amount of the shares in the capital of the Company which are purchased by the Company pursuant to and in accordance with the said resolution numbered 5 shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the ordinary resolution numbered 4 set out in the notice of the meeting dated 15th April, 2005.”
7. “**THAT** the existing scheme mandate limit in respect of the granting of options to subscribe for shares in the Company (“Shares”) under the share option scheme adopted by the Company on 20th November, 2002 (the “Share Option Scheme”) be refreshed and renewed provided that the total number of Shares which may be allotted and issued pursuant to the grant or exercise of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme, shall not exceed 10% of the Shares of the Company in issue as at the date of passing this resolution (the “Refreshed Limit”) and that the Directors of the Company be and are hereby authorized, subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”

By order of the Board  
**Yung Mei Yee**  
*Company Secretary*

Dated 15th April, 2005

*Registered Office:*  
32nd Floor, China United Centre  
No. 28 Marble Road  
North Point  
Hong Kong

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Chuang Yueheng, Henry, Mr. Chung Wilson, Mr. Lo Kan Sun and Mr. Wong Ying Seung, Asiong, one non-executive director, Mr. Lau Da Yip and four independent non-executive directors, namely, Mr. Lam Ping Cheung, Mr. Miu Frank H., Mr. Nakajima Toshiharu and Ms. Lin Wai Yi.