



MACAU SUCCESS LIMITED

澳門實德有限公司

(Formerly known as China Development Corporation Limited)
(Incorporated in Hong Kong with limited liability)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30TH SEPTEMBER 2003

The board of directors (the “Board”) of Macau Success Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 September 2003 together with comparative figures for the previous year are as follows:–

CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2003

		Year ended 30 September	
		2003	2002
	Notes	HK\$'000	HK\$'000
Turnover	3	116,838	302,263
Cost of sales		(79,794)	(280,827)
Gross profit		37,044	21,436
Other revenue		307	5,743
		37,351	27,179
Selling expenses		(29,756)	(9,244)
Administrative expenses		(10,573)	(62,767)
Other operating expenses, net		(660)	(101,557)
Gain on disposal of subsidiaries		7,984	–
Waiver of other loans	4	36,180	–
Gain on disposal of discontinued operations		–	44,551
Profit/(loss) from operations	5	40,526	(101,838)
Finance costs		(4,642)	(12,592)
		35,884	(114,430)
Share of loss of associated company		–	(1,285)
Profit/(loss) before taxation		35,884	(115,715)
Taxation	6	(296)	133
Profit/(loss) after taxation		35,588	(115,582)
Minority interests		44	175
Net profit/(loss) from ordinary activities attributable to shareholders		35,632	(115,407)
Earning/(loss) per share			
– Basic	7	9.0 cents	(77.4) cents
– Diluted		N/A	N/A

Notes:

1. Group Reorganization and Basis of Preparation

Pursuant to a special resolution passed at the extraordinary general meeting on 6 February 2003:

- every ten ordinary shares of HK\$0.40 each in the issued and unissued share capital were consolidated into one ordinary shares of HK\$4.00 each (“Consolidated Share”);
- the nominal value of the issued and unissued Consolidated Shares of HK\$4.00 each was reduced by HK\$3.99 into HK\$0.01 each (“Capital Reduction”);
- the credit of approximately HK\$594,766,000 arisen as a result of the Capital Reduction were credited to eliminate accumulated losses of the Company; and
- upon the Capital Reduction becoming effective, the authorised share capital of the Company was increased from HK\$4,000,000 to HK\$1,600,000,000 by the creation of 159,600,000,000 shares of HK\$0.01 each. The new shares rank *pari passu* with the then existing shares in all respect.

Details of the capital reorganisation (“Capital Reorganisation”) were set out in the circular issued by the Company to shareholders dated 13 January 2003. The Capital Reorganisation was effective on 2 June 2003.

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong, and comply with statements of standard accounting practice (“SSAP”) issued by the Hong Kong Society of Accountants (“HKSA”), the requirements of the Hong Kong Companies Ordinance and The Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange. The financial statements are prepared under the historical cost convention.

In the current year, the Group has adopted, for the first time, the following new and revised SSAPs which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 11 (revised)	:	Foreign currency translation
SSAP 34 (revised)	:	Employee benefits

These SSAPs prescribe new accounting measurement and disclosure practice. The major effects on the Group’s accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs are summarised as follows:

SSAP 11 (revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the income statement of subsidiaries operating in overseas are now translated to Hong Kong dollars at the weighted average exchange rate for the year whereas previously they were translated at the exchange rate at the balance sheet date. The effect on the results of the current year is not significant.

SSAP 34 (revised) prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has had no material effect on the financial statements. Additional disclosures are now required in respect of the Group’s share option scheme, as detailed in the financial statements. These share option scheme disclosures are similar to the Listing Rules on the Stock Exchange disclosures previously included in the Report of the Directors, which are now required to be included in the notes to the financial statements as a consequence of the adoption of the SSAP 34 (revised).

2. Segment Information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group’s operating businesses are structured and management separately, according to the nature of their operations and the products and services provided. Each of the Group’s business segment represents a strategic business unit that offers:

- (a) investment in construction, equipment rental and services income;
- (b) investment in retail business;
- (c) investment in trading business;
- (d) investment in internet business; and
- (e) income derived from investment holding including listed securities trading.

a) **Business segments**

The following tables present revenue, profit and loss and certain asset, liability and expenditure information for the Group's business segments.

Group

	For the year ended 30 September 2003							
	Continuing operations				Discontinuing operations			
	Construction services HK\$'000	Retail business HK\$'000	Internet business HK\$'000	Investment holding HK\$'000	Construction, equipment rental and services income HK\$'000	Trading income HK\$'000	Investment holding HK\$'000	Consolidated HK\$'000
Segment revenue:								
Turnover	60,481	56,357	-	-	-	-	-	116,838
Other revenue	-	88	-	142	-	-	-	230
Total revenue	<u>60,481</u>	<u>56,445</u>	<u>-</u>	<u>142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,068</u>
Segment result	<u>582</u>	<u>(21)</u>	<u>-</u>	<u>39,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,449</u>
Interest income								77
Profit from operations								40,526
Finance costs								(4,642)
Profit before taxation								35,884
Taxation								(296)
Profit after taxation								35,588
Minority interests								44
Net profit from ordinary activities attributable to shareholders								<u>35,632</u>
Segment assets	27,800	5,789	-	50,293	-	-	-	83,882
Segment liabilities	<u>25,378</u>	<u>3,026</u>	<u>-</u>	<u>25,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,509</u>
Other segment information:								
Depreciation	317	994	-	98	-	-	-	1,409
Amortisation of goodwill	414	237	-	-	-	-	-	651
Capital expenditure	<u>748</u>	<u>220</u>	<u>-</u>	<u>1,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,770</u>

Group

For the year ended 30 September 2002

	Continuing operations				Discontinuing operations			Consolidated HK\$'000
	Construction services HK\$'000	Retail business HK\$'000	Internet business HK\$'000	Investment holding HK\$'000	Construction, equipment rental and services income HK\$'000	Trading income HK\$'000	Investment holding HK\$'000	
Segment revenue:								
Turnover	11,215	21,566	-	3,211	253,446	12,629	196	302,263
Other revenue	204	2	-	2,298	2,831	-	-	5,335
Total revenue	<u>11,419</u>	<u>21,568</u>	<u>-</u>	<u>5,509</u>	<u>256,277</u>	<u>12,629</u>	<u>196</u>	<u>307,598</u>
Segment result	<u>38</u>	<u>(536)</u>	<u>(307)</u>	<u>(72,358)</u>	<u>(29,832)</u>	<u>(3,319)</u>	<u>4,068</u>	<u>(102,246)</u>
Interest income								408
Loss from operations								(101,838)
Finance costs								(12,592)
Share of loss of associated company								(1,285)
Loss before taxation								(115,715)
Taxation								133
Loss after taxation								(115,582)
Minority interests								175
Net loss from ordinary activities attributable to shareholders								<u>(115,407)</u>
Segment assets	23,401	9,533	-	39,734	-	-	-	72,668
Segment liabilities	<u>21,522</u>	<u>6,062</u>	<u>3,171</u>	<u>135,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,611</u>
Other segment information:								
Depreciation	55	289	-	283	21,553	-	-	22,180
Amortisation of goodwill	415	343	-	-	-	-	-	758
Provision for permanent diminution in value of investments	-	-	38,000	15,000	-	-	-	53,000
Capital expenditure	723	453	-	367	2,465	-	-	4,008
Loss on revaluation of listed securities	-	-	-	4,889	-	-	-	4,889
Provision for foreseeable losses on contracts in progress	-	-	-	-	15,796	-	-	15,796
Provision for stock obsolescence	-	-	-	-	3,029	-	-	3,029
Provision for doubtful recovery of amount due from an associate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,588</u>	<u>-</u>	<u>-</u>	<u>7,588</u>

(b) **Geographical segment**

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments.

For the year ended 30 September 2003

	Continuing operations	Discontinuing operations				Consolidated
	Hong Kong HK\$'000	Singapore HK\$'000	Malaysia HK\$'000	Mynamar HK\$'000	Other countries HK\$'000	
Segment revenue:						
Turnover	116,838	–	–	–	–	116,838
Segment results	40,449	–	–	–	–	40,449
Segment assets	83,882	–	–	–	–	83,882
Capital expenditure	2,770	–	–	–	–	2,770

For the year ended 30 September 2002

	Continuing operations	Discontinuing operations				Consolidated
	Hong Kong HK\$'000	Singapore HK\$'000	Malaysia HK\$'000	Mynamar HK\$'000	Other countries HK\$'000	
Segment revenue:						
Turnover	35,992	233,559	31,805	785	122	302,263
Segment results	(73,164)	(28,379)	686	(1,005)	24	(101,838)
Segment assets	72,668	–	–	–	–	72,668
Capital expenditure	1,543	2,233	134	19	79	4,008

3. Turnover

The analysis of the Group's turnover by principal activities are as follows:

	Continuing operations		Discontinuing operations		Consolidated	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Construction, equipment rental and services income	60,481	11,215	–	253,446	60,481	264,661
Trading income	–	–	–	12,629	–	12,629
Retail business	56,357	21,566	–	–	56,357	21,566
Investment holding	–	3,211	–	196	–	3,407
	116,838	35,992	–	266,271	116,838	302,263

4. Waiver of Other Loans

On 25 July 2003, the Company entered into a deed of settlement with the lenders of other loans whereas the lenders agreed to accept settlement of the outstanding loans of approximately HK\$56,180,000 by payment of HK\$20,000,000 by the Company. As a result, the Group recorded a gain on waiver of loans of approximately HK\$36,180,000.

5. Profit/(Loss) from Operations

Profit/(loss) from operations is arrived at after charging the following:

	Continuing operations		Discontinuing operations		Consolidated	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Depreciation:						
Owned fixed assets	1,332	602	–	21,554	1,332	22,156
Leased fixed assets	77	24	–	–	77	24
Operating lease rentals:						
Land and buildings	704	1,407	–	2,543	704	3,950
Plant and machinery	971	–	–	–	971	–
Auditors' remuneration	428	138	–	414	428	552
Provision for trade receivables	–	–	–	3,141	–	3,141
Provision for foreseeable losses on contracts in progress	–	–	–	15,796	–	15,796
Provision for stock obsolescence	–	–	–	3,029	–	3,029
Provision for dry-docking expenses	–	–	–	3,711	–	3,711
Provision for permanent diminution in value of investments	–	53,000	–	–	–	53,000
Provision for impairment loss on other investments	–	–	–	61	–	61
Goodwill amortisation	757	758	–	–	757	758
Exchange losses	–	621	–	–	–	621
Loss (Gain) on disposal of fixed assets, net	9	304	–	(1,293)	9	(989)
Provision for amount due from an associate	–	–	–	7,588	–	7,588
Loss on revaluation of listed securities	–	4,889	–	–	–	4,889
Staff cost	17,592	3,287	–	21,387	17,592	24,674

6. Taxation

The amount of taxation charged to the income statement represents:

	Group	
	2003 HK\$'000	2002 HK\$'000
Hong Kong Profits Tax		
– Charge for the year	(291)	–
– Underprovision in prior year	(5)	–
	(296)	–
Overseas taxation		
– Underprovision in prior years	–	(430)
– Share of tax of overseas associated companies	–	(359)
Deferred taxation		
– Write-back of deferred overseas tax	–	922
	(296)	133

Hong Kong Profits tax has been provided for at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Company operates.

Taxation in the balance sheet represents provision for taxation of the current and prior years less the amount of tax paid.

7. Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per share is based on the HK\$35,632,000 (2002: Loss of HK\$115,407,000) attributable to shareholders for the year and on the weighted average of 394,033,000 (2002: 149,064,233) ordinary shares in issue during the year. The weighted average number of shares for the year ended 30 September 2002 has been adjusted for the effect of the consolidation of the Company's shares.

There was no dilution effect on the basic earnings/(loss) per share for the year ended 30 September 2003 and 30 September 2002 respectively as there were no dilutive instruments outstanding during both years.

RESULTS FOR THE YEAR

For the year under review, turnover of the Group was approximately HK\$116.8 million representing an approximately 61.3% decrease from last year (2002: HK\$302.3 million). Profit attributable to shareholders amounted to approximately HK\$35.6 million, representing an increase of approximately 130.9% when compared to last year. (2002 Loss attributable to shareholders: HK\$115.4 million). Earnings per share for the year were 9.0 HK cents. (2002 Loss per share: 77.4 HK cents).

DIVIDEND

The directors do not recommend the payment of any dividends in respect of the year ended 30 September 2003 (2002: Nil).

REVIEW OF OPERATIONS

Construction Business

Construction projects generated turnover of approximately HK\$60.5 million which accounted for approximately 51.8% of the Group's total turnover. The general business environment remained sluggish during the period under review, which directly affected the construction industry. There was a reduction in the commencement of new construction project while the tender prices was also experiencing an ever-decreasing trend. The turnover decreased by approximately 77.1% when compared to last year. The restructuring and prudent cost control allowed the Group to record a profit of approximately HK\$0.6 million, representing an increase of approximately 102% when compared to last year, despite the decrease in turnover. Several projects were in progress including Xinhua News Agency and Lamma Power Station.

Retail Business

Despite the outbreak of SARS, the turnover of the Group's retail business increased due to the relaxation of travel restrictions by the PRC government. Turnover contributed by the retail business amounted to approximately HK\$56.4 million, representing an increase of approximately 161.3% when compared to last year, which accounted for approximately 48.2% of the Group's total turnover. Operating loss amounted to approximately HK\$0.02 million of which the disposed subsidiary contributed the loss of approximately HK\$0.9 million (2002: approximately HK\$0.5 million).

FINANCIAL REVIEW

Pledge of Assets

As at 30 September 2003, the Group had certain assets pledged to financial institutions for term financing amounted to HK\$1.0 million, of which HK\$0.1 million is repayable within one year (2002: HK\$0.1 million).

Contingent Liabilities

As at 30 September 2003, the Group had no contingent liability.

Liquidity, Financial Resources and Gearing

As at 30 September 2003, the Group had net current assets of approximately HK\$19.3 million (2002: HK\$11.4 million) and had net assets of approximately HK\$29.3 million (2002: net deficit of HK\$95.2 million). The recovery from net liabilities to net assets position was due to the debt restructuring exercise of the Group during the year.

As at 30 September 2003, the Group had total financial borrowings of approximately HK\$11.5 million as compared to approximately HK\$118.3 million at last financial year end date, of which approximately HK\$0.03 million represents obligations under finance leases (2002: approximately HK\$0.14 million).

The Group's total financial borrowings were denominated in Hong Kong dollars and bear interest at floating rates. Of the total financial borrowings, approximately HK\$10.6 million (2002: HK\$0.14 million) is repayable within one year or on demand, while approximately HK\$0.9 million (2002: approximately HK\$118.2 million) is repayable after one year.

The bank loan of approximately HK\$1.0 million were secured by property, plant and equipment with a carrying value of approximately HK\$2.3 million (2002: approximately HK\$2.3 million).

Shareholders' funds of the Group as at 30 September 2003 recorded a surplus of approximately HK\$29.3 million (2002: deficit of approximately HK\$95.2 million). Accordingly, the gearing ratio which is measured on the basis of the Group's total borrowings over the shareholders' funds was 39.3%.

Capital Structure

Capital Reorganization

During the year, a special resolution was passed in an extraordinary general meeting of the Company held on 6 February 2003, pursuant to which and with the sanction of an Order of the High Court of the Hong Kong Special Administrative Region dated 21 May 2003, the paid up capital of the Company was reduced from HK\$1,600,000,000.00 divided into 400,000,000 ordinary shares of HK\$4.00 per share to HK\$4,000,000.00 divided into 400,000,000 ordinary shares of HK\$0.01 per share (the "Reduced Share") by the cancellation of HK\$3.99 of the paid up capital on each share (the "Capital Reduction"). After the Capital Reduction and based upon the number of issued shares of the Company as at 21 May 2003, an amount of approximately HK\$594,000,000 from the share capital account of the Company was cancelled and credited to the contributed surplus account of the Company and was applied to eliminating part of the accumulated losses of the Company. The Capital Reduction became effective on 2 June 2003 whereupon every 10 Reduced Shares were consolidated into 1 share of HK\$0.01 each and the share capital of the Company was increased from HK\$4,000,000.00 to HK\$1,600,000,000.00 by the creation of an additional 159,600,000,000 ordinary shares of HK\$0.01 each.

Subscription of New Shares

Pursuant to a subscription agreement dated 20 May 2003 and a supplemental agreement dated 17 November 2003 entered into between the Company and Silver Rich Macau Development Limited, Spring Wise Investments Limited and Leader Assets Limited in relation to the subscription of an aggregate of 1,043,200,000 new shares at HK\$0.0671 per share (the "Subscription"). The Subscription was completed on 25 July 2003.

Placing of New Shares

Pursuant to a placing agreement dated 20 May 2003 and a supplemental agreement dated 10 June 2003 entered into between the Company and Tai Fook Securities Company Limited in relation to the placing of 298,000,000 new shares at HK\$0.0671 per share to not less than six independent investors (the "Placing I"). The Placing I was completed on 31 July 2003.

The net proceeds derived from the Subscription and the Placing I amounted to approximately HK\$89.0 million has been applied as to approximately HK\$20.0 million to pay the Settlement Sum (as defined in the circular of the Company dated 2 July 2003), as to approximately HK\$25.0 million to settle the Full Ample Indebtedness (as defined in the circular of the Company dated 2 July 2003) and as to approximately HK\$44.0 million as general working capital for meeting the financial needs of the operations of the Group and for investing in new business with good potential when opportunities arise.

Subsequent to the period, pursuant to a placing agreement dated 3 November 2003 and a supplemental agreement dated 17 November 2003 entered into between the Company and Tai Fook Securities Company Limited in relation to the placing of 97,200,000 new shares at HK\$0.4325 per share to not less than six independent investors (the "Placing II"). The net proceeds amounted to approximately HK\$41.0 million has been applied as to approximately HK\$10.0 million as general working capital of the Group and as to approximately HK\$31.0 million for making investments in tourism and retail related businesses in Hong Kong with good potential when opportunities arise. The Placing II was completed on 17 November 2003.

Staffing

As at 30 September 2003, the Group had approximately 148 employees. Remuneration is determined by reference to their qualifications, experiences, responsibility and performance of the staff concerned. Apart from the basic remuneration, staff benefits include medical insurance, retirement benefits under Mandatory Provident Fund Scheme, etc.

PROSPECTS

Construction and retail have been the Group's principal businesses all along. However, since the property market remained sluggish, the number of new construction projects reduced. On the other hand, the tender price also dropped due to the cutthroat-price competition. Hence, the outlook of the construction business is not promising.

In order to diversify its business, the Group set up Travel Success Limited to develop the tourism business in October 2003. In addition, the Group entered into an agreement on the acquisition of 55% interests of a cruise ship and its inventories at a total consideration of approximately HK\$52.0 million. Upon completion of the acquisition on 12 January 2004, the name of the cruise ship was changed to "Macau Success" (the "Cruise Ship"). The Cruise Ship was leased to Hover Management Limited for a period of 36 months. The fixed monthly rental payment was agreed to be HK\$2.5 million together with a variable payment amounted to 15% of the aggregate monthly revenue generated by the Cruise Ship, this percentage may be adjusted upward to not more than 25% if the monthly revenues are more than HK\$20 million per calendar month.

According to a survey conducted by the MasterCard International, the confidence to consume (the "Index") has surged from 23.2 in the period of SARS to 81.1 in the fourth quarter of 2003, that is a 3.5 times increase. The Index is even 45% higher than the period before the financial crisis. At the same time, the "Individual Visit Scheme" also stimulates the retail market to a large extent. The retail business is expected to exhibit satisfactory performance.

Following the implementation of a series of measures to boost the economy by the Hong Kong government, coupled with the execution of the "Individual Visit Scheme" by the PRC government starting from July 2003, the local tourism and retail industries have significantly revived. The opening of Hong Kong Disneyland in 2005, the transformation of Macau into "Asian Las Vegas" after the issuance of more casino-operating licences by the Macau Government and the development of HK-Zhuhai-Macau Bridge would further boost the entertainment and tourism industries.

Accordingly, the Group will strategically focus on the development of the retail, travel and cruise businesses and at the same time, will capture the growth and further explore and, when opportunities arise, invest in new business with good potential in Macau.

The management of the Group is committed to enhance the shareholders' value by implementing strategic developments and plans, leveraged on the expertise and experience of the management. The Group is dedicated to capitalize on the reviving economy of Hong Kong and the growing affluence in the PRC.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 18 February 2004 to 20 February 2004, both days inclusive, during which period no share transfer will be registered. In order to qualify for attendance at the forthcoming annual general meeting of the Company convened to be held on 23 February 2004, all transfer forms together with relevant share certificates must be lodged with the Company's share registrars, Tengis Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

CODE OF BEST PRACTICE

In the opinion of the Board, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited annual report for the year ended 30 September 2003.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, there was no purchase, sale or redemption by the Company, or any of its subsidiaries of the listed securities of the Company.

PUBLICATION OF INFORMATION ON STOCK EXCHANGE'S WEBSITE

A detailed interim results announcement containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

ACKNOWLEDGEMENTS

Last but not the least, I would like to thank my fellow directors, dedicated employees, our supportive shareholders and our loyal customers and suppliers for their confidence and continued support in the Group.

By Order of the Board
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 27 January 2004

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Units 1002-05A, 10/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 23 February 2004 at 4:00 p.m. for the following purposes:

1. To receive and consider the Audited Financial Statements and Directors' Report and the Auditors' Report for the year ended 30 September 2003.
2. To re-elect Directors and to authorize the Board of Directors to fix the Directors' fees.
3. To re-appoint Auditors and to authorize the Board of Directors to fix their remuneration.
4. To consider as special business and, if thought fit, pass with or without amendments the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

- (A) "THAT the directors of the Company be and are hereby granted an unconditional general mandate to repurchase issued shares in the capital of the Company in accordance with all applicable laws and subject to the following conditions:-
- (a) such mandate shall not extend beyond the Relevant Period (as defined in sub-paragraph (c) below);
 - (b) the aggregate nominal amount of shares of the Company to be purchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the shares of the Company in issue at the date of passing of this resolution; and

(c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier 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 articles of association of the Company (the “Articles of Association”) or the Companies Ordinance to be held; and

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in general meeting.”

(B) “**THAT** the directors of the Company be and are hereby granted an unconditional general mandate to issue, and allot and deal with additional shares in the capital of the Company or securities convertible into shares, and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:

(a) such mandate shall not extend beyond the Relevant Period (as defined in subparagraph (c) below) save that the directors may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(b) the aggregate nominal amount of the shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors, otherwise than pursuant to a Rights Issue (as defined in sub-paragraph (c) below) or pursuant to the grant or exercise of options issued under any share option scheme adopted by the Company for the grant or issue to employees of the Company and/or any of its subsidiaries and/or associated companies of options to subscribe for or rights to acquire shares of the Company, or pursuant to any scrip dividend or other similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the Articles of Association of the Company or with the consent of the Company in general meeting, shall not exceed 20% of the aggregate nominal amount of the shares of the Company in issue at the date of passing of this resolution; and

(c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier 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 Articles of Association or the Companies Ordinance to be held; and

(iii) the revocation or variation of the authority given under this resolution 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 holders of shares of the Company or any class thereof of members on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (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 laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong).”

(C) “**THAT** the general mandate granted to the directors of the Company to issue and dispose of additional shares pursuant to Ordinary Resolution 4(B) 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 purchased by the Company under the authority granted pursuant to Ordinary Resolution 4(A) set out in the notice convening this meeting, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”

By Order of the Board
Chiu Nam Ying, Agnes
Company Secretary

Hong Kong, 27 January 2004

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power of attorney or authority must be lodged at the Company's share registrars, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time of the meeting.
3. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.