



ASIA ALUMINUM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2002

The directors (the “Directors”) of Asia Aluminum Holdings Limited (the “Company”) are pleased to announce the audited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 June 2002, together with comparative figures for the previous year as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Year ended 30 June	
		2002 HK\$'000	2001 HK\$'000 (Restated)
TURNOVER	2		
Continuing operations		1,965,696	2,061,929
Discontinued operations		—	—
		1,965,696	2,061,929
Cost of sales and services provided		(1,515,446)	(1,627,837)
Gross profit		450,250	434,092
Gain on disposal of discontinued operations		8,740	—
Gain on partial disposal of interests in subsidiaries		19,961	120,739
Other revenue		31,338	28,517
Selling and distribution costs		(38,333)	(46,967)
Administrative expenses		(113,852)	(127,631)
Expenditure on acquisition of certain business database	3	(73,558)	—
Provision for bad and doubtful debts		(31,110)	(56,917)
PROFIT FROM OPERATING ACTIVITIES	2		
Continuing operations		244,946	371,731
Discontinued operations		8,490	(19,898)
		253,436	351,833
Finance costs		(42,372)	(65,394)
PROFIT BEFORE TAX		211,064	286,439
Tax	5	(72,755)	(71,577)
PROFIT AFTER TAX		138,309	214,862
Minority interests		(6,900)	(19,412)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		131,409	195,450
DIVIDENDS	6	59,766	111,630
		HK cents	HK cents
EARNINGS PER SHARE	7		
Basic		5.78	9.02
Diluted		5.31	8.41

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Accounting policies

These audited condensed consolidated financial statements are prepared in accordance with Hong Kong Statements of Standard Accounting Practice (“SSAP”) and the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The following recently issued and revised SSAPs and related Interpretations have been effective for the first time in the preparation of the current year’s financial statements:

SSAP 9 (Revised):	“Events after the balance sheet date”
SSAP 18 (Revised):	“Revenue”
SSAP 26:	“Segment reporting”
SSAP 28:	“Provisions, contingent liabilities and contingent assets”
SSAP 29:	“Intangible assets”
SSAP 30:	“Business combinations”
SSAP 31:	“Impairment of assets”
SSAP 32:	“Consolidated financial statements and accounting for investments in subsidiaries”
Interpretation 12:	“Business combinations – subsequent adjustment of fair values and goodwill initially reported”
Interpretation 13:	“Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves”

Save as disclosed above, the accounting policies adopted and methods of computation used in the preparation of these consolidated financial statements are consistent with those used in the Group’s annual financial statements for the year ended 30 June 2001.

Certain comparative amounts have been re-classified to conform with the current year’s presentation.

2. Segment information

The Group is principally engaged in the manufacture and sale of aluminum and stainless steel products, the provision of design and testing services for aluminum products and provision of e-business services.

The analysis of the Group's turnover and profit from operating activities by principal activity and geographical area is as follows:

(a) *Business segments*

	Continuing operations					Discontinued operations	Total
	Aluminum extrusion products <i>HK\$'000</i>	Stainless steel products <i>HK\$'000</i>	Aluminum panels <i>HK\$'000</i>	Design & testing services <i>HK\$'000</i>	E-commerce business <i>HK\$'000</i>	Environmental protection products <i>HK\$'000</i>	
For the year ended 30 June 2002							
Segment revenue:							
Sales to external customers	1,698,222	133,214	108,608	21,370	4,292	-	1,965,696
Other revenue	6,216	-	-	-	-	-	6,216
Total	<u>1,704,438</u>	<u>133,214</u>	<u>108,608</u>	<u>21,370</u>	<u>4,292</u>	<u>-</u>	<u>1,971,912</u>
Segment results	<u>162,171</u>	<u>2,657</u>	<u>51,747</u>	<u>17,738</u>	<u>(4,038)</u>	<u>(250)</u>	230,025
Interest and unallocated gains							53,823
Unallocated expenses							<u>(30,412)</u>
Profit from operating activities							253,436
Finance costs							<u>(42,372)</u>
Profit before tax							211,064
Tax							<u>(72,755)</u>
Profit before minority interests							138,309
Minority interests							<u>(6,900)</u>
Net profit from ordinary activities attributable to shareholders							<u>131,409</u>

For the year ended 30 June 2001

Segment revenue:

Sales to external customers	1,620,300	278,460	140,258	17,712	5,199	–	2,061,929
Other revenue	2,591	–	–	–	–	–	2,591
	<u>1,622,891</u>	<u>278,460</u>	<u>140,258</u>	<u>17,712</u>	<u>5,199</u>	<u>–</u>	<u>2,064,520</u>
Total							
Segment results	<u>195,757</u>	<u>17,363</u>	<u>64,837</u>	<u>14,701</u>	<u>(16,220)</u>	<u>(19,898)</u>	256,540
Interest and unallocated gains							146,665
Unallocated expenses							(51,372)
Profit from operating activities							351,833
Finance costs							(65,394)
Profit before tax							286,439
Tax							(71,577)
Profit before minority interests							214,862
Minority interests							(19,412)
Net profit from ordinary activities attributable to shareholders							<u>195,450</u>

(b) *Geographical segments*

	Hong Kong HK\$'000	Elsewhere in the PRC HK\$'000	North America HK\$'000	Asia Pacific, excluding the PRC & Hong Kong HK\$'000	Others HK\$'000	Total HK\$'000
For the year ended 30 June 2002						
Segment revenue:						
Sales to external customers	<u>274,646</u>	<u>1,456,746</u>	<u>56,535</u>	<u>162,383</u>	<u>15,386</u>	<u>1,965,696</u>
Segment results	<u>31,194</u>	<u>158,492</u>	<u>6,422</u>	<u>32,015</u>	<u>1,902</u>	<u>230,025</u>
For the year ended 30 June 2001						
Segment revenue:						
Sales to external customers	<u>151,869</u>	<u>1,526,365</u>	<u>60,842</u>	<u>310,887</u>	<u>11,966</u>	<u>2,061,929</u>
Segment results	<u>8,658</u>	<u>208,779</u>	<u>10,396</u>	<u>26,663</u>	<u>2,044</u>	<u>256,540</u>

3. During the year, two joint venture entities (“JVs”) were established in the PRC by the Group with two independent parties respectively, Guangdong Nanhua Aluminium Factory Co. Ltd. and Nanhai Hongjia Aluminium Materials & Stainless Steel Co. Ltd.. The aggregate of the set up cost of the JVs and the cost incurred the Group in acquiring certain business database for injection into the JVs was HK\$73,558,000.

4. **Depreciation**

During the year, depreciation of HK\$73.9 million (2001: HK\$55.8 million) was charged in respect of the Group’s property, plant and equipment.

5. Tax

	Year ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
Current year provision		
Hong Kong	-	683
Elsewhere	72,641	71,544
Underprovision in prior year	114	-
Deferred tax	-	(650)
	<u>72,755</u>	<u>71,577</u>

No provision for Hong Kong profits tax was made for the current year as the Group did not generate any assessable profits arising from its operations in Hong Kong for the year. Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits arising from its operations in Hong Kong for the year ended 30 June 2001. Taxes on profits assessable elsewhere have been calculated at the appropriate rates of tax in the jurisdictions in which the Group operates, based on the existing legislation, interpretations and practices in respect thereof.

Under the relevant laws and regulations in the PRC, certain subsidiaries (the "PRC Subsidiaries") of the Company operating in the PRC are exempted from income tax for two years from their respective first profit-making year and are eligible for a 50% reduction in income tax for the following three years. During the year, provisions for income tax for these subsidiaries have been made at the applicable reduced rate for the PRC Subsidiaries.

6. Dividends

	2002	2001
	HK\$'000	HK\$'000
Interim: HK1.0 (2001: HK1.0) cent per ordinary share	23,050	11,120
Proposed final: HK1.5 (2001: HK1.0) cents per ordinary share	35,666	22,340
Proposed special: Nil (2001: HK3.5 cents per ordinary share)	-	78,170
Underaccrual of final and special dividends for 2001	1,050	-
	<u>59,766</u>	<u>111,630</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$131,409,000 (2001: HK\$195,450,000) and the weighted average number of 2,273,832,402 (2001: 2,166,223,638) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK\$133,213,000 (2001: HK\$197,209,000) and on 2,508,071,214 ordinary shares (2001: 2,343,644,203), being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive potential ordinary shares outstanding during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Review

The year under review was a challenging one for the Group amidst a difficult operating environment and a recession in the worldwide economy. In order to concentrate our focus on the core extrusion business, the Company, in August 2001, disposed of its business in the production of environmental protection products, with a gain amounting to HK\$8.7 million. Management has continued to place every effort on focusing on and strengthening the business of its principal subsidiary, Asia Aluminum Group Limited, which is engaged in the manufacture and sales of aluminum and stainless steel products, by investing in new manufacturing facilities through organic growth and acquisitions. This ongoing strategy has enabled the Group to secure its status as the largest aluminum extruder in Asia.

(a) Operating Results for the Year

The Group achieved satisfactory operating results for the year. Group turnover stayed constant at approximately HK\$1,965.7 million, a slight decrease of 4.7% as compared with last year. As a result of the adoption of the new Hong Kong accounting standards that came into effect during the current financial year, the net profit attributable to shareholders for the year included certain non-recurring expenditure of approximately HK\$73.6 million, which is the expenditure on the acquisition of certain business database. The net profit attributable to shareholders, therefore, decreased by HK\$64 million to HK\$131.4 million.

The Group improved its gross profit margin for the year to 22.9% through stringent cost control and enhancement of the product mix. During the year, the Group invested HK\$176.9 million in capital expenditure and HK\$46.8 million for capital injection into the newly set-up joint ventures. Compared with last year, excluding exceptional and non-recurring items including gains on disposal of interests in subsidiaries and of discontinued operations, the write-off of fixed assets and expenditure on the acquisition of certain business information, the adjusted consolidated operating profit before tax was HK\$271.4 million, as compared with HK\$173.7 million last year, representing an increase of 56.2%.

(b) Dynamics of the Business

Manufacture and sales of aluminum and stainless steel products

During the year under review, the Group continued to consolidate its leading position in the aluminum-extrusion business and efforts were made to further expand production capacity, sales network and market share.

Turnover from the manufacture and sales of aluminum products amounted to HK\$1,806.8 million for the year, representing an increase of HK\$46.3 million over the previous year. Given the competitive market environment, the Group pursued the value-added strategy of improving product quality and diversifying product portfolio especially on high-margin and high-end products with complex applications. This approach has proved effective in maintaining the Group's leading market position.

Sales revenue from the manufacture and sales of stainless steel products decreased by 52.2% to HK\$133.2 million in 2002, mainly because of the intensive market competition.

Expansion of Production Capacity

During the last quarter of 2001, in order to maximize economies of scale, the Group formed two joint venture entities in the PRC with a 60% equity interest in each of them, to operate and manage two aluminum extrusion manufacturing facilities in Nanhai. At present, the Group has altogether five extrusion facilities with a current annual production capacity of 120,000 metric tons, the largest in Asia.

Business Sales

The PRC continues to be the Group's largest and most promising market. Buoyed by a revised GDP growth forecast of 7.8% in 2002, the country's infrastructure and property development activities continue to gain momentum. National projections forecast that 40 new airports will be built during the next five years. Aluminum extrusion and panel supply contracts have already been secured for Guangzhou Huadu Airport, five massive residential projects in Shanghai, and Nan Tong Municipal Government Tower during the year under review and others such as The Grand Opera House in Beijing is currently under negotiation.

In Hong Kong, the Group has obtained supply contracts for the Science and Technology Park, the redevelopment project in Mongkok Bird Street and Kowloon Station Phase II project.

Examples of current high-profile construction projects and customers included Nina Tower, Cyberport and IFC Tower Phase II in Hong Kong; as well as Shanghai World Trade International Centre, Jiangsu Mobile Telecom Tower and Shanghai CIMC Reefer Containers in the PRC.

(c) **Prospects and Plans for the Future**

The Group will pursue a multi-faceted growth strategy through a combination of vertical and horizontal expansion. The Group will continue to expand its production capacity through acquisitions and organic growth, so as to maximize the benefits derived from economies of scale and to strengthen the position of the Group as a leading player in the industry. Management believes that the two new PRC joint ventures can become major profit contributors to the Group in the near future. To capture existing demand and maximize sales and profits, the Group has outsourced some orders to a few selected extrusion factories, meanwhile continuing the identification and review of acquisition targets to achieve our goal of being a global leader in the industry with a strong operating platform in the PRC.

The Group is also working on developing a system to provide a fully integrated supply chain with our suppliers in the PRC for the direct delivery of aluminum billets to our production facilities to shorten the lead time for inbound raw materials, reduce unnecessary production steps, and achieve more effective control over inventory and logistics costs. Negotiations with a number of smelters and suppliers are currently ongoing with the aim of reorganising part of our procurement and production phases to achieve further cost savings during fiscal year 2003.

The Directors believes that there is market potential for stainless steel products provided the products are cost competitive. In order to enhance the cost competitiveness of the stainless steel products, the Group has recently installed cold coil steel production lines that will substantially reduce the production costs and increase the price competitiveness. The Directors believe that the sales of stainless steel products will be substantially improved in the coming year.

In order to provide value-added services and total solutions to our customers, the Group has strengthened its product design and development team to provide technical advice to customers, especially in the media and advertising, electronics and automobile industries, in the design, development and application of our products in their specific industry. The team is now working on the development of new products such as 'brite dip' products and downstream finished goods such as doors and bathroom enclosures for direct distribution to retailers. New production lines for these products are being installed and full-scale operations will commence in the first quarter of 2003. The directors believe the team can facilitate the diversification of our product portfolio into new industries and strengthen the relationship with our customers. Management will also work closely with Indalex Aluminum Solutions ("Indalex") on the formulation of a marketing strategy to increase the global market share of both Indalex and the Group.

Looking ahead, the Group will focus on enhancing production capacity and quality, developing products with higher profit margins, and penetrating markets such as the European and Japanese markets.

Financial Review

(a) **Attributable Return to Shareholders and Dividend Policy**

Basic earnings per share for the current year were HK\$5.78 cents, compared to HK\$9.02 cents last year.

The Group maintained its position of financial stability and substantial cash holdings at the end of 2002. In light of this, the Group has continued its policy of consistent dividend payments to shareholders, with a payout ratio of 45.5%.

The Directors has recommended a final dividend of HK1.5 cents per share to the shareholders of the Company, together with the interim dividend of HK1.0 cent per share paid in April 2002, making a total dividend of HK2.5 cents per share for the year ended 30 June 2002.

(b) **Capital Structure and Treasury Policy**

The Group maintains a strong and stable financial position. As of 30 June 2002, the Group had total assets of approximately HK\$3,732.2 million, comprising non-current assets of approximately HK\$928.2 million and current assets of approximately HK\$2,804.0 million, which were financed by current liabilities, non-current liabilities, minority interests and shareholders' funds of approximately HK\$1,127.2 million, HK\$362.2 million, HK\$499.8 million and HK\$1,743.0 million respectively.

As of the balance sheet date, the Group's cash and bank balances (mainly denominated in Renminbi) and total borrowings (mainly denominated in United States dollars) were approximately HK\$1,328.5 million and HK\$785.3 million respectively. The Group's consolidated net cash as of 30 June 2002, being cash and bank deposits less bank borrowings, amounted to HK\$543.2 million as compared with HK\$279.8 million as of 30 June 2001.

During the year, Credit Suisse First Boston (Hong Kong) Limited converted US\$5.7 million of the 3% convertible bonds due September 2003 ("CBs") into ordinary shares of the Company, which resulted in an increase in the issued share capital and share premium of the Company by a total of HK\$44.5 million. As of 30 June 2002, the outstanding balance of the CBs amounted to HK\$41.0 million.

(c) Liquidity and Financial Resources

The Group's liquidity position remains strong with available undrawn bank facilities together with bank deposits of HK\$447.1 million and HK\$1,328.5 million respectively, as of 30 June 2002. The ample financial resources available to the Group will provide adequate funding for the Group's operational requirements and also put us in a favourable position to take advantage of potential acquisitions.

As of 30 June 2002, the Group had aggregate banking and credit facilities in respect of overdrafts, short term loans, trade financing and finance leases of approximately HK\$879.5 million which were secured by certain of the Group's tangible fixed assets with net book value totaling HK\$45.5 million and bank deposits of approximately HK\$78.0 million. As of the same date, the Group had utilized a total of approximately HK\$432.4 million of the aforesaid banking and credit facilities.

The Group's debt-to-equity ratio (debt/shareholders' funds) as of 30 June 2002 was 45.1%, lower than last year's level. The current ratio is 2.5 as of 30 June 2002. As of 30 June 2002, 53.9% of total borrowings is repayable within one year and 46.1% is repayable within two to five years.

At the balance sheet date, the Group was committed to make a capital contribution to subsidiaries in the PRC of HK\$98.9 million, and has contingent liabilities on bills discounted with recourse of HK\$2.1 million.

As of the date of this announcement, in accordance with the payment terms of the disposal of the Group's business of Hamington International Limited (the "Disposal"), a total of HK\$300.0 million has been received by the Group as partial settlement of the total consideration for the Disposal. Further details of the Disposal are set out in the Company's circular of 14 September 2001 to its shareholders.

The Group will maintain a conservative and prudent policy in financial and treasury management, and not to engage in speculative activities. The Directors believe that the Group has no material exposure to exchange rates fluctuation.

FINAL DIVIDEND

The Directors proposed a final dividend of HK1.5 cents per ordinary share for the year ended 30 June 2002 payable to those shareholders whose names appear on the Register of Members of the Company on 9 December 2002. Dividend warrants are expected to be dispatched to shareholders on or about 16 December 2002.

CLOSURE OF TRANSFER BOOKS

The Register of Members of the Company will be closed from Wednesday, 4 December 2002 to Monday, 9 December 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Hong Kong Registrars Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road, East, Hong Kong not later than 4:00 p.m. on Tuesday, 3 December 2002.

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

During the year ended 30 June 2002, neither the Company nor its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Audit Committee which comprises the two independent non-executive directors of the Company, had met with the management of the Company to review the financial results, considered the significant accounting policies, and discussed with the management the Group's internal control system.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by this annual results, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors of the Company are not appointed for specific term but are subject to retirement by rotation at annual general meetings. In the opinion of the Directors, this meets with the same objective of the Code of Best Practice.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE WEBSITE

A detailed results announcement containing all the information required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website and the website of the Company, *www.asiaalum.com* in due course.

By Order of the Board
Kwong Wui Chun
Chairman

Hong Kong, 18 October 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders of Asia Aluminum Holdings Limited (the "Company") will be held at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong on Monday, 9 December 2002 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors of the Company for the year ended 30 June 2002.
2. To declare the payment of a final dividend for the year ended 30 June 2002.
3. To re-elect the retiring directors and authorise the board of directors of the Company to fix the directors' remuneration.
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

5. **"THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of HK\$0.10 each ("Shares") in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the New Scheme Limit (as defined below), the refreshment of the scheme limit of the Company's share option scheme adopted on 7 December 2001 up to 10 per cent of the number of Shares in issue as at the date of passing this resolution ("New Scheme Limit") be and is hereby approved and any director of the Company be and is hereby authorised to do all such acts and execute all such documents to effect the New Scheme Limit."
6. (1) **"THAT**
 - (a) the exercise by the directors of the Company ("Directors") during the Relevant Period (as defined in paragraph (c) of this Resolution) of all powers of the Company to purchase its shares and warrants, subject to paragraph (b) below and in accordance with all applicable laws and regulations, be and it is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of shares and warrants in the Company to be purchased by the Company during the Relevant Period pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company and 10 per cent. of all outstanding warrants of the Company as at the date of this Resolution, and the said approval shall be limited accordingly; and
 - (c) for the purposes of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors under this Resolution; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held."

(2) **“THAT**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined in paragraph (d) of this Resolution) of all the powers of the Company to allot, issue and deal with unissued shares in the share capital of the Company or securities convertible into shares or options, warrants or similar rights to subscribe for any shares and to make or grant offers, agreements and options which would or might require the exercise of such power be and it is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) of this Resolution); (ii) any share option scheme or similar arrangement for the time being adopted for the grant to employees of the Company and/or any of its subsidiaries or other approved participants of rights to acquire shares of the Company; (iii) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company; and (iv) an issue of shares of the Company upon the exercise of the subscription rights attaching to the existing warrants and convertible bonds issued by the Company and from time to time outstanding, shall not in total exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors under this Resolution; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company, or any applicable laws of Bermuda to be held.

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares, open for a period fixed by the Directors to holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

- (3) **“THAT**, conditional upon the passing of the Resolutions nos. 6(1) and 6(2) as set out in the notice convening this Meeting, the general mandate granted to the directors of the Company (“Directors”) pursuant to the approval granted under Resolution no. 6(2) above and for the time being in force to exercise the power of the Company to allot shares be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares in the capital of the Company which has been repurchased by the Company pursuant to Resolution no. 6(1), provided that such extended 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 this Resolution.”

By Order of the Board
Anita Yee
Company Secretary

Hong Kong, 18 October 2002

Head Office and principal place of business in Hong Kong

12th Floor, Railway Plaza

39 Chatham Road South

Tsimshatsui

Kowloon

Hong Kong

Notes:

- (1) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. A member who is the holder of two or more shares may appoint more than one proxy. A proxy need not be a member of the Company.
- (2) The instrument appointing a 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 lodged with the head office and principal place of business of the Company in Hong Kong at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
- (3) The register of members of the Company will be closed from Wednesday, 4 December 2002 to Monday, 9 December 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrars, Hong Kong Registrars Limited of Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 3 December 2002.
- (4) In relation to the proposed resolution no. 6(1) set out above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares of the Company in the circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), will be sent to the members together with the 2002 annual report.
- (5) In relation to the proposed resolution no. 6(2) set out above, approval is being sought from the members as a general mandate under the Listing Rules. The Directors wish to state that they have no immediate plans to issue any new shares of the Company.

Please also refer to the published version of this announcement in China Daily.