



MIRABELL

MIRABELL INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2003

RESULTS

The board of directors is pleased to announce the audited consolidated results of Mirabell International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 28 February 2003, together with the comparative figures for the previous year, as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | <i>Note</i> | 2003 HK\$'000 | 2002 HK\$'000 |
|--|-------------|--------------------------------|------------------|
| Turnover | 2 | 625,616 | 637,583 |
| Cost of sales | | (264,123) | (280,029) |
| Gross profit | | 361,493 | 357,554 |
| Other revenues | 2 | 10,306 | 7,291 |
| Other operating income | | 3,797 | 4,652 |
| Distribution and selling costs | | (261,950) | (262,146) |
| Administrative expenses | | (67,151) | (66,044) |
| Other operating expenses | | (5,425) | (5,545) |
| Operating profit | 3 | 41,070 | 35,762 |
| Finance costs | 4 | (1,466) | (1,381) |
| Share of profit of an associated company | | 16,304 | 13,852 |
| Profit before taxation | | 55,908 | 48,233 |
| Taxation | 5 | (7,223) | (5,714) |
| Profit attributable to shareholders | | 48,685 | 42,519 |
| Dividends | 6 | 14,763 | 12,981 |
| Basic earnings per share | 7 | 19.1 cents | 16.7 cents |

Notes:

1. Principal accounting policies

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). They have been prepared under the historical cost convention except that, investment properties and other properties are stated at fair value.

In the current year, the Group adopted the following Statements of Standard Accounting Practice (“SSAPs”) issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

| | | |
|-------------------|---|--------------------------------------|
| SSAP 1 (revised) | : | Presentation of financial statements |
| SSAP 15 (revised) | : | Cash flow statements |
| SSAP 34 | : | Employee benefits |

Except for certain presentational changes which have been made upon the adoption of SSAP 1 (revised) and SSAP 15 (revised), the adoption of the above new/revised SSAPs has no material effect on the accounts.

2. Turnover, revenues and segment information

The Group is principally engaged in retailing, wholesaling and manufacturing of footwear. Revenues recognised during the year are as follows:

| | 2003 <i>HK\$'000</i> | 2002 <i>HK\$'000</i> |
|-----------------|--------------------------------|-------------------------|
| Turnover | | |
| Sales of goods | <u>625,616</u> | <u>637,583</u> |
| Other revenues | | |
| Interest income | 779 | 1,291 |
| Royalty income | 6,924 | 5,008 |
| Rental income | 2,600 | 990 |
| Others | 3 | 2 |
| | <u>10,306</u> | <u>7,291</u> |
| Total revenues | <u>635,922</u> | <u>644,874</u> |

Geographical segments:

The Group’s business operates in two main geographical areas, namely Hong Kong and Macau market, and the People’s Republic of China (“PRC”) market.

| | Hong Kong and Macau 2003 <i>HK\$'000</i> | The PRC 2003 <i>HK\$'000</i> | Total 2003 <i>HK\$'000</i> |
|--|--|--|--|
| Turnover | <u>504,187</u> | <u>121,429</u> | <u>625,616</u> |
| Segment results | <u>30,631</u> | <u>10,439</u> | 41,070 |
| Finance costs | (781) | (685) | (1,466) |
| Share of profit of an associated company | – | 16,304 | <u>16,304</u> |
| Profit before taxation | | | 55,908 |
| Taxation | | | <u>(7,223)</u> |
| Profit attributable to shareholders | | | <u>48,685</u> |
| Segment assets | 239,090 | 134,164 | 373,254 |
| Investment in an associated company | – | 57,435 | <u>57,435</u> |
| Total assets | | | <u>430,689</u> |

| | | | |
|--|---|------------------------------------|----------------------------------|
| Segment liabilities | 67,261 | 38,746 | 106,007 |
| Taxation payable | | | 4,061 |
| Total liabilities | | | 110,068 |
| Capital expenditure | 5,996 | 1,600 | 7,596 |
| Depreciation | 9,622 | 2,894 | 12,516 |
| | Hong Kong and Macau 2002 <i>HK\$'000</i> | The PRC 2002 <i>HK\$'000</i> | Total 2002 <i>HK\$'000</i> |
| Turnover | 529,347 | 108,236 | 637,583 |
| Segment results | 33,750 | 2,012 | 35,762 |
| Finance costs | (727) | (654) | (1,381) |
| Share of profit of an associated company | – | 13,852 | 13,852 |
| Profit before taxation | | | 48,233 |
| Taxation | | | (5,714) |
| Profit attributable to shareholders | | | 42,519 |
| Segment assets | 216,305 | 143,742 | 360,047 |
| Investment in an associated company | – | 45,744 | 45,744 |
| Total assets | | | 405,791 |
| Segment liabilities | 69,253 | 46,294 | 115,547 |
| Taxation payable | | | 4,530 |
| Total liabilities | | | 120,077 |
| Capital expenditure | 7,873 | 58,307 | 66,180 |
| Depreciation | 11,488 | 4,253 | 15,741 |

The Group has only one single business segment which is the sales of footwear through retailing, wholesaling and manufacturing. Accordingly, the segment information for this sole business segment is equivalent to the consolidated figures.

3. Operating profit

| | 2003 | 2002 |
|--|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |

Operating profit is stated after charging/(crediting) the following:

| | | |
|--|--------------------------|--------------------------|
| Depreciation of owned fixed assets | 12,516 | 15,741 |
| Loss on disposal of fixed assets | 441 | 701 |
| Staff costs (including directors' emoluments) | 96,461 | 103,148 |
| Pension costs | 3,290 | 3,750 |
| Cost of inventories sold | 276,713 | 268,593 |
| Operating lease rentals in respect of land and buildings | 154,941 | 147,152 |
| Outgoings in respect of investment properties | 161 | – |
| Net exchange gain | (147) | (310) |
| Revaluation deficit on investment properties | 800 | 300 |
| Revaluation deficit on other properties | – | 2,102 |
| Provision for bad and doubtful debts | – | 392 |
| | <u> </u> | <u> </u> |

4. Finance costs

| | 2003 | 2002 |
|--|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |

| | | |
|---------------------------------------|---------------------|---------------------|
| Interest on bank loans and overdrafts | <u>1,466</u> | <u>1,381</u> |
|---------------------------------------|---------------------|---------------------|

5. Taxation

| | 2003 | 2002 |
|--|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |

| | | |
|---|---------------------|---------------------|
| Hong Kong profits tax | 5,508 | 4,615 |
| Over-provision in prior years | (43) | (199) |
| Deferred taxation | <u>(305)</u> | <u> </u> |
| | 5,160 | 4,416 |
| Share of taxation attributable to an associated company | <u>2,063</u> | <u>1,298</u> |
| | <u>7,223</u> | <u>5,714</u> |

Hong Kong profits tax has been provided at the rate of 16% (2002: 16%) on the estimated assessable profit for the year.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group and associated company operate.

6. Dividends

| | 2003 | 2002 |
|--|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |

| | | |
|--|----------------------|----------------------|
| Interim, paid, of HK1.5 cents (2002: HK1.5 cents) per ordinary share | 3,818 | 3,818 |
| Final, proposed, of HK4.3 cents (2002: HK3.6 cents) per ordinary share | <u>10,945</u> | <u>9,163</u> |
| | <u>14,763</u> | <u>12,981</u> |

7. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$48,685,000 (2002: HK\$42,519,000) and the weighted average of 254,530,000 (2002: 254,530,000) ordinary shares in issue during the year.

There is no diluted earnings per share since the Company has no dilutive potential ordinary share.

8. Reserves

| | Share capital HK\$'000 | Share premium HK\$'000 | Capital redemption reserve HK\$'000 | Capital reserve HK\$'000 | Investment properties revaluation reserve HK\$'000 | Other properties revaluation reserve HK\$'000 | Cumulative translation reserve HK\$'000 | Retained earnings HK\$'000 | Total HK\$'000 |
|---|------------------------------|------------------------------|--|--------------------------------|--|---|--|----------------------------------|-------------------|
| At 1 March 2002 | 25,453 | 110,650 | 380 | 91 | 13,760 | 5,027 | 24 | 130,329 | 285,714 |
| Deficit on revaluation of properties | - | - | - | - | (753) | - | - | - | (753) |
| Translation differences | - | - | - | - | - | - | (44) | - | (44) |
| Profit for the year | - | - | - | - | - | - | - | 48,685 | 48,685 |
| 2002 Final dividend paid | - | - | - | - | - | - | - | (9,163) | (9,163) |
| 2003 Interim dividend paid | - | - | - | - | - | - | - | (3,818) | (3,818) |
| At 28 February 2003 | 25,453 | 110,650 | 380 | 91 | 13,007 | 5,027 | (20) | 166,033 | 320,621 |
| Representing: | | | | | | | | | |
| 2003 Final dividend proposed | | | | | | | | 10,945 | |
| Others | | | | | | | | 155,088 | |
| Retained earnings as at 28 February 2003 | | | | | | | | <u>166,033</u> | |
| Company and Subsidiaries | 25,453 | 110,650 | 380 | 91 | 13,007 | 5,027 | 31 | 132,883 | 287,522 |
| Associated company | - | - | - | - | - | - | (51) | 33,150 | 33,099 |
| At 28 February 2003 | 25,453 | 110,650 | 380 | 91 | 13,007 | 5,027 | (20) | 166,033 | 320,621 |
| At 1 March 2001 | 25,453 | 110,650 | 380 | 91 | - | - | 75 | 99,773 | 236,422 |
| Surplus on revaluation | - | - | - | - | 13,760 | 5,027 | - | - | 18,787 |
| Translation differences | - | - | - | - | - | - | (51) | - | (51) |
| Profit for the year | - | - | - | - | - | - | - | 42,519 | 42,519 |
| 2001 Final dividend paid | - | - | - | - | - | - | - | (8,145) | (8,145) |
| 2002 Interim dividend paid | - | - | - | - | - | - | - | (3,818) | (3,818) |
| At 28 February 2002 | 25,453 | 110,650 | 380 | 91 | 13,760 | 5,027 | 24 | 130,329 | 285,714 |
| Representing: | | | | | | | | | |
| 2002 Final dividend proposed | | | | | | | | 9,163 | |
| Others | | | | | | | | 121,166 | |
| Retained earnings as at 28 February 2002 | | | | | | | | <u>130,329</u> | |

| | | | | | | | | | |
|-----------------------------|---------------|----------------|------------|-----------|---------------|--------------|-----------|----------------|----------------|
| Company and Subsidiaries | 25,453 | 110,650 | 380 | 91 | 13,760 | 5,027 | 75 | 110,026 | 265,462 |
| Associated company | - | - | - | - | - | - | (51) | 20,303 | 20,252 |
| At 28 February 2002 | <u>25,453</u> | <u>110,650</u> | <u>380</u> | <u>91</u> | <u>13,760</u> | <u>5,027</u> | <u>24</u> | <u>130,329</u> | <u>285,714</u> |

DIVIDENDS

The board of directors has resolved to recommend a final dividend of HK4.3 cents (2002: HK3.6 cents) per share which, subject to the approval of shareholders, will be paid on Thursday, 14 August 2003 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 6 August 2003. This together with the interim dividend of HK1.5 cents (2002: HK1.5 cents) per share will make a total dividend of HK5.8 cents (2002: HK5.1 cents) per share for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a turnover of HK\$625.62 million, representing a decrease of 1.88%, compared with last year. The audited consolidated profit attributable to shareholders increased by 14.50% to HK\$48.69 million.

During the year, the economy remained sluggish and the retail market was confronted with fierce competition. Accordingly, the management reformulated the strategies on its Hong Kong retail business, and decided to fade out the juvenile brand of teenmix out of the Hong Kong market. As a result, the Group's turnover recorded a slight decrease, compared with last year. Nevertheless, some slow-moving and obsolete stocks with provision made previously were sold out at special discounts in certain of the Hong Kong retail outlets and warehouses. Besides, the Group recorded increments in the contribution from the PRC retail business, rental income from Shenzhen properties, royalties income and share of profit of an associated company. Hence, the profit attributable to shareholders increased, compared with last year.

The Hong Kong and Macau market

During the year, the adverse economic climate of Hong Kong persisted, the unemployment rate remained high, consumer sentiment was adversely affected, and intense price competition increased amongst competitors, the operating environment of retail industry was very tough. Owing to the above-mentioned unfavorable factors, the Group's business was inevitably affected.

In light of the present stringent economic climate, the Group has been bargaining with landlords for rent reduction. Furthermore, the Group has been reviewing whether to close down those under-performing retail outlets with lease expiry soon. In order to counteract the unfavorable impact caused by the economy, the Group has adopted a series of cost control measures and flexible merchandizing strategies. Moreover, based on the management's solid experience in professional retail management, the Group has been providing a variety of products and high quality services to satisfy customers' needs and expectations. Apart from making more effort on launching marketing campaigns and renovation of retail outlets by stages, the Group has been adjusting its product mix from time to time with reference to the increasing number of the PRC tourists.

Compared with last year, turnover decreased by 4.75% to HK\$504.19 million, whereas operating profit decreased by 9.24% to HK\$30.63 million. At the end of May 2003, the Group operated 96 retail outlets in Hong Kong and Macau under four brand names of Mirabell, Joy & Peace, INshoesnet and Fiorucci.

The PRC market

Given that the PRC economy continues to grow steadily and living standards of residents improve, the room to grow is enormous. During the year, the Group recorded an increment in the contribution from the PRC retail business. With the accession to the World Trade Organization, the PRC

market will continue to grow and provide more business opportunities for retailers. The market in the PRC is expected to be highly promising, the Group will continue to focus on expanding its operations and increasing its market share. The Group will reformulate the business strategies in accordance with the characteristics of consumption markets in different regions of the PRC.

Compared with last year, turnover increased by 12.19% to HK\$121.43 million whereas operating profit increased by 418.84% to HK\$10.44 million. At the end of May 2003, the Group operated 45 retail outlets in Shenzhen, Guangzhou, Shanghai and Beijing under the brand names of Mirabell, Joy & Peace and K•Swiss. In addition, there were 46 franchised retail outlets under the brand name of Joy & Peace.

Outlook

The economic downturn, worsened by the recent outbreak of SARS, has a seriously negative impact on the consumption sentiment in the Hong Kong retail market. However, as the number of SARS cases has recently shown a trend of decline, the consumer confidence is expected to pick up gradually.

In January 2003, the Group set up a footwear wholesaling company, Senses Marketing International Limited (“Senses Marketing”), in Hong Kong focusing on the distribution of international brands of footwear. Senses Marketing is currently the exclusive footwear distributor of the U.S. brands of Caterpillar and Merrell in Hong Kong, Macau and the PRC. The management believes that Senses Marketing will be able to reduce the purchase costs and increase gross profit accordingly. Senses Marketing has been negotiating with various corporations possessed with international brands for exclusive distribution rights in Hong Kong, Macau and the PRC, so as to reinforce the brand development in the market.

The development of footwear wholesaling business is a vital part of the Group’s operating strategies. Despite the fact that the present operating scale of Senses Marketing is comparatively small, the management believes that it possesses a high growth potential. In addition, the management also considers that Senses Marketing can provide a synergy effect to the Group so as to further strengthen the product mix, brand development and promotion. The operating effectiveness is thereupon expected to increase, and thus making contribution to the Group.

The Group has launched the Italian brand of Fiorucci in the spring/summer of 2003. Fiorucci is an international renowned brand and its products, including footwear and handbags, are specially designed for trendy and fashion conscious young ladies. The initial market response is encouraging.

The Group has been devising the operating strategies in the PRC. For the purposes of managing resources more effectively, the Group disposed of the teenmix trademark in March 2003 in order to provide more fund for the expansion plan in the PRC. The Group will concentrate on the expansion of the retail networks under the brand names of Mirabell and Joy & Peace in major cities of the PRC. To cope with the rapid business growth in the PRC, especially in the eastern and northern regions, the Group set up a wholly foreign-owned enterprise in Wai Gaoqiao Free Trade Zone of Shanghai in March 2003. To better manage the PRC business, the Group purchased an office in Guangzhou for the PRC headquarters in April 2003. In addition, the Group has been seeking experienced professionals in retail management to increase the pace of business expansion in the PRC.

Looking ahead, retail operations in Hong Kong and the PRC are still the principal business of the Group, and strategically fortify the wholesaling business. Even though the tough operating environment is expected to persist in the near future, the management believes that the implementation of the total quality management, unique product merchandizing strategies, stringent cost controls and strategic business process reengineering could further solidify the Group’s base for future business expansion and development. In accordance with the Group’s enduringly conservative investment policies and sound financial position, the management expects to strive for greater return for shareholders.

Liquidity and Financial Resources

Working capital of the Group increased from HK\$106.14 million to HK\$122.60 million, and the current ratio and quick ratio remained at a steady level of 2.19 and 1.37 times, respectively.

The inventory balance as at 28 February 2003 amounted to HK\$84.19 million. Compared with the inventory balance as at 28 February 2002, a moderate decrease was recorded. As at 28 February 2003, the Group had bank balances and cash of HK\$96.70 million and outstanding bank borrowings of HK\$31.07 million. During the year, the Group raised new bank loans of HK\$5.12 million for the financing of wholesale business.

As at 28 February 2003, the gearing ratio of the Group was 0.10 (2002: 0.15) which was calculated on the Group's total borrowings of HK\$31.07 million (2002: HK\$43.26 million) and the shareholders' fund of HK\$320.62 million (2002: HK\$285.71 million).

Treasury Policies

The Group continued to adopt a conservative approach to financial risk management. The Group's borrowings were in Hong Kong dollars and Renminbi and were arranged on a floating rate basis. For the year ended 28 February 2003, the Group was not subject to any significant exposures in foreign exchange rates risk. Hence, no financial instrument for hedging was employed. The Group's treasury management policy is not to engage in any highly leveraged or speculative derivative products.

With low gearing ratio and sound financial position, the management believes that the Group is well placed to avail itself to future expansion and investment opportunities.

Charge on Assets

As at 28 February 2003, the carrying amount of fixed assets pledged as security amounted to approximately HK\$24.24 million (2002: HK\$25.50 million) and the carrying amount of fixed assets subject to negative pledge were approximately HK\$96.73 million (2002: HK\$99.30 million).

Contingent liabilities

As at 28 February 2003, the Group had contingent liabilities in respect of guarantees issued for banking facilities granted to subsidiaries of an associated company amounting to HK\$12.90 million.

Human Resources

As at 28 February 2003, the Group had a total of 1,023 employees. The Group offers a competitive remuneration package to its employees, including insurance and medical benefits. In addition, discretionary bonus and share options may be granted to eligible employees based on the Group's performance and individual performance.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Friday, 1 August 2003 to Wednesday, 6 August 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong no latter than 4:00 p.m. on 31 July 2003.

DEALINGS IN THE COMPANY'S LISTED SHARES

The Company did not redeem any of the Company's shares during the year. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's share during the year.

CORPORATE GOVERNANCE

Throughout the year, the Company has complied fully with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Exchange"), save that independent non-executive directors of the Company are not appointed for a fixed term but are subject to the retirement by rotation provisions of the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed with directors the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters related to the preparation of the 2002/2003 annual report.

PUBLICATION OF ANNUAL REPORT ON THE EXCHANGE'S WEBSITE

The 2002/2003 annual report of the Company containing the information required by paragraph 45(1) to 45 (3) of Appendix 16 of the Listing Rules Governing the Listing of Securities on the Exchange will be released on the website of the Exchange (www.hkex.com.hk) in due course.

By Order of the Board
Tang Wai Lam
Chairman

Hong Kong, 18 June 2003

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Kowloon, Hong Kong on 6 August 2003 at 10:30 a.m. for the following purposes:

1. to receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 28 February 2003;
2. to declare a final dividend for the year ended 28 February 2003;
3. to re-elect directors and to fix the directors' fees;
4. to re-appoint auditors and to authorise the board of directors to fix their remuneration;
5. to consider as special business and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

A. **"THAT:**

- (a) subject to sub-paragraph (c) hereof, the exercise by the directors during the Relevant Period (as defined in sub-paragraph (d) hereof) of all powers of the Company to allot, issue and deal with the shares of the Company ("Shares") and to make or grant offers, agreements and options which would or might require Shares to be allotted be and is hereby generally and unconditionally approved;
- (b) the approval mentioned in sub-paragraph (a) hereof shall authorise the directors during the Relevant Period to make or grant offers, agreements and options which would or might require Shares to be allotted 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 mentioned in sub-paragraph (a) hereof, otherwise than pursuant to Shares issued as a result of a Rights Issue (as hereinafter defined) or pursuant to the exercise of options under the Share Option Scheme adopted by the Company on 19 November 1996 or similar arrangement or any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of the dividend on Shares of the Company in accordance with the Company's Articles of Association (the "Articles"), shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as the date of passing of this Resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:

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

- (aa) the conclusion of the next Annual General Meeting of the Company;
- (bb) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of the Company or any applicable laws of the Cayman Islands to be held; and
- (cc) the passage of an ordinary resolution of the shareholders of the Company in general meeting revoking or varying the authority given under this mandate;

“Rights Issue” means an offer of Shares open for a period fixed by the directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory).”

B. “THAT:

- (a) subject to sub-paragraph (b) hereof, the exercise by the directors of the Company during the Relevant Period (as defined in sub-paragraph A(d) above) of all the powers of the Company to purchase Shares on The Stock Exchange of Hong Kong Limited (the “Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Exchange for this purpose, subject to and in accordance with all applicable laws and/or requirements of the Rules Governing the Listing of Securities on the Exchange or of any other stock exchange on which the securities of the Company may be listed as amended from time to time, be and is hereby generally and unconditionally approved; and
- (b) the aggregate nominal amount of Shares to be purchased by the Company pursuant to the approval mentioned in sub-paragraph (a) hereof shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly.”

C. “THAT:

conditional under Resolutions under sub-paragraphs A and B above being passed, the general unconditional mandate as mentioned in sub-paragraph A above shall be extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be allotted by the directors pursuant to such general unconditional mandate of any amount representing the aggregate nominal amount of the share capital repurchased by the Company pursuant to the general unconditional mandate referred to in sub-paragraph B above, provided that such extended amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution.”

By Order of the Board
Leung Yiu Fai, Kelvin
Company Secretary

Hong Kong, 18 June 2003

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such authority, must be deposited with the Company’s Hong Kong branch share registrar, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia, Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting thereof.

3. The Register of Members of the Company will be closed from 1 August 2003 to 6 August 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia, Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:00 p.m. on 31 July 2003.
4. At an Annual General Meeting of the Company held on 6 August 2002. Ordinary Resolutions were passed giving general mandates to directors to repurchase shares of the Company on the Exchange and to allot, issue and otherwise deal with additional shares in the capital of the Company. Under the Rules Governing the Listing of Securities on the Exchange, these general mandates lapse at the conclusion of the Annual General Meeting for the year 2002/2003, unless renewed at that meeting. The Ordinary Resolutions sought in items 5A and 5B of this Notice renew these mandates.
5. With reference to the Ordinary Resolutions sought in items 5A and 5B of this Notice, the directors wish to state that they have no immediate plans to repurchase any existing shares or to issue any new shares of the Company. Approval is being sought from members as a general mandate pursuant to the Listing Rules of the Exchange.

“Please also refer to the published version of this announcement in The Standard”.