BRING TECHNOLOGY TO LIFE

EZCOM HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

RESULTS FOR THE YEAR ENDED 30 APRIL 2003

FINANCIAL HIGHLIGHTS

- Turnover of the Group has increased by 82% to HK$2.7 billion.
- Analysis of the Group's results is as follows:–

	Mobile Phones Business 2003 *HK'000*	Office Furniture and Kitchen Cabinets Business 2003 *HK'000*	Unallocated 2003 *HK'000*	Total for the Group 2003 *HK'000*	Total for the Group 2002 *HK'000*	Increase/ (Decrease) *Percent (%)*
Turnover	2,530,769	169,015	–	2,699,784	1,480,218	82.4%
Operating (loss)/profit before finance costs	8,984	(8,357)	(8,682)	(8,055)	(211,157)	(96.2%)
Segment assets	1,153,056	–	80,071	1,233,127	1,088,483	13.3%

RESULTS

The directors (the "Directors") of Ezcom Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2003 ("FY2003") together with the comparative figures for the year ended 30 April 2002 ("FY2002") as follows:

	Note	**2003** ***HK$'000***	2002 *HK$'000*
Turnover	*1*	**2,699,784**	1,480,218
Cost of sales		**(2,592,409)**	(1,236,547)
Gross profit		**107,375**	243,671
Other revenues		**19,818**	24,052
Distribution costs		**(77,731)**	(153,045)

Administrative expenses		**(57,952)**	(113,924)
Amortisation of goodwill		**(28,109)**	(8,289)
Other gain/(losses)			
Gain/(loss) on disposal of subsidiaries		**28,544**	(66,431)
Loss on disposal of long-term investments		**–**	(33,921)
Impairment losses on leasehold land, land use rights and buildings		**–**	(103,270)
Operating loss before finance costs	*2*	**(8,055)**	(211,157)
Finance costs	*3*	**(5,620)**	(7,224)
Share of profit of an associated company		**343**	–
Loss before taxation		**(13,332)**	(218,381)
Taxation credit/(charge)	*4*	**1,831**	(12,064)
Loss after taxation		**(11,501)**	(230,445)
Minority interests		**412**	(24,188)
Loss attributable to shareholders		**(11,089)**	(254,633)
Loss per share			
– basic	*5*	**(10.88) cents**	(281.49) cents

Notes:

1. Revenue and turnover

The Group is principally engaged in the trading of mobile phones and spare parts. The businesses of manufacturing and trading of office furniture and building materials, together with supply of kitchen cabinets, are discontinued during the year. Revenues recognised during the year are as follows:

	2003	2002
	HK$'000	*HK$'000*
Turnover		
Sale of goods	**2,699,784**	1,480,218
Other revenues		
Rendering of services	**13,447**	21,708
Interest income	**6,064**	1,609
Franchise income	**167**	735
Others	**140**	–
	19,818	24,052
Total revenues	**2,719,602**	1,504,270

An analysis of the Group's turnover and contribution to operating loss before finance cost for the year by principal activity and market is as follows:

	Turnover		Operating loss before finance costs	
	2003	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
By principal activity:				
Continuing operations				
Trading of mobile phones and spare parts	**2,530,769**	905,804	**8,984**	82,002
Discontinuing operations				
Manufacturing and trading of office furniture and building materials	**168,145**	489,643	**(7,898)**	(52,425)
Supply of kitchen cabinets	**870**	84,771	**(459)**	(14,830)
	2,699,784	1,480,218	**627**	14,747
Amortisation of goodwill	**–**	–	**(28,109)**	(8,289)
Unallocated revenues/(costs)	**–**	–	**19,427**	(217,615)
	2,699,784	1,480,218	**(8,055)**	(211,157)

	Turnover		Operating loss before finance costs	
	2003	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
By geographical location:				
Continuing operations				
The People's Republic of China Excluding Hong Kong ("PRC")	**2,530,769**	905,804	**8,984**	82,002
Discontinuing operations				
Hong Kong	**870**	210,968	**(459)**	(39,512)
PRC	**168,145**	347,526	**(7,898)**	(30,795)
Others	**–**	15,920	**–**	3,052
	2,699,784	1,480,218	**627**	14,747
Amortisation of goodwill	**–**	–	**(28,109)**	(8,289)
Unallocated revenues/(costs)	**–**	–	**19,427**	(217,615)
	2,699,784	1,480,218	**(8,055)**	(211,157)

2. Operating loss before finance costs

Operating loss before finance costs is stated after charging the following:

	2003	2002
	HK$'000	*HK$'000*
Amortisation of goodwill	**28,109**	8,289
Cost of inventories sold	**2,592,409**	1,190,756
Depreciation:		
Owned fixed assets	**9,656**	24,925
Leased fixed assets	**–**	520

3. Finance costs

	2003	2002
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**5,620**	5,236
Interest element of finance leases	**–**	151
Bank charges and other borrowing costs	**–**	1,837
	5,620	7,224

4. Taxation credit/(charge)

Hong Kong profits tax has been provided at the rate of 16% (2002: 16%) on the estimated assessable profit for the year. No provision for PRC income tax is made as the PRC subsidiaries of the Company have no assessable profit for the year (2002: Nil).

The amount of taxation credited/(charged) to the consolidated profit and loss account represents:

	2003	2002
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current year	**(30)**	(12,042)
Over/(under) provision in previous years	**4,520**	(22)
Share of taxation attribution to an associated company	**(2,659)**	–
	1,831	(12,064)

5. Loss per share

The calculation of the basic loss per share is based on the Group's loss attributable to shareholders of HK$11,089,000 (2002: HK$254,633,000) and the weighted average of 101,911,203 (2002: 90,457,834) ordinary shares in issue during the year. The weighted average number of shares outstanding for the year ended 30 April 2002 has been adjusted in light of the capital restructuring during the year.

No diluted loss per share has been presented as the exercise of share options and convertible notes would be anti-dilutive.

6. Transfers to and (from) reserves

	2003	2002
	HK$'000	*HK$'000*
Share premium		
– issue of shares	**–**	264
– capital restructuring	**508,537**	–
Merger reserve on consolidation – disposal of subsidiaries	**–**	(1,000)
Exchange fluctuation reserve – disposal of subsidiaries	**(91)**	(18)
Retained earnings/accumulated losses		
Goodwill previously written off against retained earnings realised upon disposal of subsidiaries	**–**	18,631
Loss for the year	**(11,089)**	(254,633)

DIVIDENDS

No dividend was declared or paid by the Company for the financial year ended 30 April 2003 (FY2002: Nil).

CLOSURE OF REGISTER OF SHAREHOLDERS

The Register of Members will be closed from 10 October 2003 to 16 October 2003 (both days inclusive). All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 9 October 2003.

OPERATING RESULTS

Results

Notwithstanding the outbreak of SARS, the tough worldwide market conditions and increasingly competitive environment, the Group was able to achieve a strong growth in turnover in FY2003. The consolidated turnover of the Group for the FY2003 was HK$2,700 million, representing an increase of 82% from the consolidated turnover of HK$1,480 million in the previous financial year ("FY2002"). The Group's operating loss after taxation was HK$11.09 million. (FY2002: Loss of HK$255 million). Loss per share for FY2003 amounted to 10.88 cents, representing a decrease of 96% in comparison with the adjusted loss per share of 281.49 cents for FY2002.

BUSINESS REVIEW

During the year under review, the Group has undergone major internal changes. In November 2002, the Group has acquired 33.98% effective interests in Ezze Mobile Tech., Inc. ("Ezze Mobile"), which represented a major step in enhancing the R&D capability of the Group in telecommunications business.

In view of the poor performance of the office furniture business and the fact that the market condition is not expected to improve much in the coming years, the office furniture business has been disposed of in October 2002 in order to maximize the interests of the shareholders of the Company.

Detailed business developments of the Group in respect of the mobile phone business are described in the "Management Discussion and Analysis" section prepared by the management team. The Group's turnover and loss attributable to shareholders for the year ended 30 April 2003 amounted to HK$2,700 million and HK$11.09 million, representing an increase of 82% and a decrease of 96% respectively from those of FY2002.

PROSPECTS

Despite the difficult market environment, the Directors believe that the growth in the demand for the mobile communication products in the PRC will continue to be strong in the near future and the outlook of the Group's business in this sector remains bright. Indeed, Ezcom has adopted "Bring Technology to Life" as its corporate slogan.

In the highly competitive market, the Group will strengthen its research and development capabilities for the Group's mobile telecommunication business, introduce new products continuously and generate more revenue; expand its existing distribution network and improve its capabilities in sales; tighten its inventory policies; and explore opportunities in pursuing stronger presence in the international market.

The Management believes that the Group with a solid technology foundation will be able to introduce products with advanced features, maintain its competitiveness in the mobile communication equipment market and improve future earnings.

MANAGEMENT DISCUSSION & ANALYSIS

1. Industry

Mobile Phone Industry

The major driving force of mobile phone sales in Mainland China is new mobile phone users. New mobile phone subscribers amounted to 4.8 million per month in average in the first seven months of Year 2003. According to the official data released by the Ministry of Information and Industry ("MII") in Mainland China, it is estimated that there will be 65 million new mobile subscribers in 2003 (source: MII).

China is the world's most populous and also one of the fastest-growing mobile phone markets, with almost 240 million users as of the end of July 2003 (source: MII). As China has a population of around 1.45 billion, given the present low penetration rate of 16.2% China market will continue to experience enormous growth in the near future. The high demand for mobile phones keeps on going with new customers surpassing 65 million in the Year 2003.

In addition, with an average replacement rate of 25% per annum in the PRC, the replacement market is also very significant, with Asian customers' habits of embracing more high end products with novel outlook and numerous functions, especially in the major cities of Mainland China which is one of the forces of the fastest-growing market. It is expected that the penetration rate of mobile phone in Mainland China will increase to 20% by the end of 2003, i.e. there will be almost 300 million users.

Office Furniture and Related Businesses

The office furniture and related businesses did not perform well as expected. In the circumstances, with a view to focusing on the core business and avoiding further losses, the operations of the Group's furniture trading and other non-core investments have been discontinued and/or disposed of during the year under review.

2. Business Strengths

China Focus

During the year under review, approximately 94% of the Group's turnover was generated from its businesses in Mainland China. In the near future, the Group's focus will remain on Mainland China, the world's fastest growing economy.

Products and Technologies

During the year under review, the Group's turnover shows a very strong growth since it has almost increased by about 82% and amounted to HK$2,700 million (FY2002: HK$1,480 million). The Group has sold approximately 2.9 million units of mobile phones in total (including complete handsets and sets of knock-down components) during the year under review.

In order to accomplish our mission of "Bring Technology to Life", the Group has therefore invested in Ezze Mobile Tech., Inc. ("Ezze Mobile") to upgrade the Group's R&D capabilities since the Management believes that only those enterprises with their own R&D capabilities and creativity can survive in the long run in the highly competitive mobile communication equipment market in Mainland China. Several new products designed by Ezze Mobile with high market potentials will be launched in the coming months.

GSM Mobile Phone

One of the Group's strengths is, obviously, its GSM mobile phone distribution and trading of relevant parts and components. During the year under review, the Group traded several models including the most trendy and high-end mobile phones like Samsung T208 and T508 colour display models and Kejian's models like J390, K508, K518, K528, K308 and K320.

CDMA Mobile Phone

China Unicom Limited ("China Unicom"), the first carrier to launch commercial CDMA service has launched its services to cover the major cities in Mainland China in January 2002. This represents a brand new opportunity for Ezcom and will undoubtedly benefit the Group's profitability substantially. With the introduction of the CDMA business, together with its existing well established GSM distribution network and advanced technology solutions from our strategic partners, Ezcom will experience a sharp increase in profit generated by the dual revenue from both GSM and CDMA mobile phones.

Having the worldwide largest manufacturer of CDMA mobile phones, Samsung Electronics as our strategic partner, Ezcom is in an advantageous positioned in the CDMA market. During the year under review, Ezcom has already supplied over 290,000 units of two very successful models of CDMA mobile phones to PRC customers, namely Kejian-Samsung co-branded models SCH-A399 and N299. Since the subscribers of CDMA phone services of China Unicom in Mainland China has been increasing during the recent months, as a result, the turnover of the Group will increase substantially.

We Are A Solution Provider With Value-Added Services

Ezcom is able to provide their customers with one-stop value-added services from provisions of mobile technology solutions, product designs, production support, quality control, purchasing, logistics, distribution networks, marketing promotion, market intelligence to after-sale services.

The Group has successfully assisted China Kejian Corporation in its sponsorship to Everton Football Club, as the first Chinese sponsor to a football team at the English Premier League.

Excellent Relationship With Major Manufacturers

One of our key customers, Kejian, is one of the biggest mobile phone makers in Mainland China, with whom the Group has an exclusive right of supplying parts for assembling of mobile phones from overseas. In fact, a recent national survey on brand identity in China ranked Kejian number one in brand visibility for mobile phones in the country. According to official data recently released by the MII, the market share of domestic mobile phone makers has increased from 39.4% in 2002 to 51.3% in April 2003. The Management believes the Group will benefit a lot from the increase of the sales in Kejian's mobile phones in Mainland China.

In addition, the Group has excellent relationship with various major suppliers of parts like Taiyo Yuden, Toshiba, Yamaha, ADI, Murata, ROHM, RENESAS, EPCOS, Fujitsu, Sharp, Samsung and Seiko.

Ezcom takes pride of its long-term strategic relationships with globally renowned mobile phone manufacturers like Samsung Electronic, the world's third-largest mobile phone maker (source: Gartner Dataquest).

3. STRATEGIES IN 2003/2004

Our ultimate goal is not to just have a significant market share but also a growth that generates profits for the Company and returns to our shareholders.

The Management is determined to develop the Group into a full service, fully integrated technology company with leading positions in mobile communications with solid results, margins and returns on equity. The Group's strategy for 2003/2004 is to continue its effort in foreseeing our clients' needs and challenges and in providing mobile communication products, solutions and value-added services quicker, better and cheaper than any of our competitors. In doing so, we shall generate a competitive economic return for our shareholders.

Formulate Global Strategy

After China's entry into WTO, while focusing on the Mainland China, the world's fastest growing economy, the most important prequisite for an enterprise to further develop itself is to internationalize its operations and pursue well established presence in the global market in light of keen market competition in China.

In fact, since May 2003 Ezcom has already been distributing Kejian K308 mobile phones in Hong Kong and Macau with satisfactory results as its first step for expanding its business outside Mainland China. Ezcom will continue to distribute Kejian's new models of mobile phones outside Mainland China.

In addition, Management will also explore opportunities of expanding our business to other regions like South East Asia, India, the Middle East and Europe.

Strengthen Distribution Networks

The Group will continue to strengthen its existing market coverage by strengthening its distribution networks, currently comprising over 30 distributors and 2,500 retailers in China, and expanding its distribution points and capability. Moreover, since EZCOM TECH has more than 8 years of solid experience in distribution of consumer electronic products in the PRC, the Group has considered to make use of the existing networks which are mature and effective to distribute other consumer electronic products in order to achieve high effectiveness and efficiency of utilisation of resources.

Given the Group's success in assisting Kejian's sponsorship to Everton Football Club at the English Premier League, Ezcom will also try to provide stronger marketing support and participate more actively in major marketing campaign for its key customers and partners for the sake of the common commercial interests of all parties in the near future.

Introduce New Models

The Group has experienced great success in working with an international leading brand, Samsung which is committed to the mobile phone business and has proven its success in producing and selling trendy and high-end mobile phones that are well received by consumers in various markets in the world.

While the Group will maintain its business in distributing Samsung's high end mobile phones, in order to further strengthen the Group's product portfolio, the Group may also distribute mid-to-low end models of Kejian as well.

Explore New Business Opportunities

The Management will explore opportunities with due care in Research and Development of relevant technologies and products for 3G mobile handsets, Multimedia Messaging Services (MMS) businesses and advanced data encryption products like digital broadcasting set-top boxes that will also be synergetic to its existing mobile phone distribution business.

In addition, based on the Group's current successful business models in Mainland China and Hong Kong, the Management will also explore opportunities of expanding our business to other regions like South East Asia, India, the Middle East and Europe.

4. Liquidity and Financial Resources

The Group's major source of funds was cash flows generated from its operating activities and financing from banks and share issuance.

The Group had arranged some leveraged foreign exchange trading contracts for hedging against these trade commitments. As at 30 April 2003, cash and bank balances of the Group was approximately HK$102 million (FY2002: HK$113 million), apart from that bank deposits of approximately HK$75 million (FY2002: HK$51 million) were pledged for general banking facilities.

Total borrowings of the Group, excluding convertible notes payable, amounted to approximately HK$116 million (FY2002: HK$105 million), comprising trust receipt loans of approximately HK$100 million (FY2002: HK$42 million) and bank loans of approximately HK$16 million (FY2002: HK$63 million).

As at 30 April 2003, these bank loans were secured by bank deposits of HK$75 million (FY2002: HK$51 million) mentioned above and legal charges on the leasehold land and buildings of the Group with an aggregate net book value of approximately HK$14 million (FY2002: HK$60 million). The gearing ratio (total long-term liabilities/net assets) of the Group as at 30 April 2003 was 20% (FY2002: 39%). The Directors consider that the ability of the Group to repay all its debt remain excellent.

As at 30 April 2003, the Group had outstanding convertible notes payable of totaling HK$72 million (FY2002: HK$158 million), which were issued by the Group for the acquisition of the mobile phone business. The notes are unsecured, interest-free and repayable on or before 27 March 2004 and 7 November 2004. The noteholders have the rights to convert any part of the principal amount of the notes into ordinary shares of the Company at a price of HK$5.00 each per share at any time on or before 27 March 2004 or 7 November 2004 (as the case may be).

5. Treasury Policies

The Group's business transactions, assets and liabilities are mainly denominated in Hong Kong Dollars, Renminbi, Japanese Yen and United States Dollars. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group's major source of funds was cash flow generated from its operating activities and financing from banks and share issuance. The Group does not engage in foreign currency speculative activities.

6. Employees

As at 30 April 2003, the Group employed approximately 30 staff (FY2002: 300) in Hong Kong and had approximately 40 employees (FY2002: 2,000) in the Mainland China. The staff costs, which included salaries, allowance and other benefits in kind amounted to HK$49 million (FY2002: HK$151 million). The decreases in staff headcount and staff costs were mainly due to the disposal and discontinual of office furniture business during the year under review.

The Group continues to employ, promote and reward its staff based upon their performance, experience and potential. The Group also consistently adopts a policy of employment enrichment and gives opportunities to existing staff whenever possible.

In addition to the basic salary and various medical insurance plans, the Group rewards its employees by way of performance related bonuses and share option for certain qualifying employees. The Group has also established pension schemes in accordance with the Mandatory Provident Fund Schemes Ordinance.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that non-executive directors of the Company are not appointed for specific terms. According to the Company's Bye-laws, non-executive directors are subject to retirement by rotation and re-election at the Annual General Meeting of the Company. In the opinion of the directors, this meets the same objective as in the Code of Best Practice.

AUDIT COMMITTEE

The Company has established an audit committee since 28 December 1998 ("the Committee") with the written terms of reference. The Committee's principal duties are the review and supervision of the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors. Two meetings have been held during the current financial year.

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

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

FULL DETAILS OF FINANCIAL INFORMATION

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the web-site of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
KOK Kin Hok
Chairman

Hong Kong, 26 August 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Members of the Company will be held at Aberdeen Room, Level 3, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday, 16 October 2003 at 3:30 p.m. for the following purposes:–

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and the Auditors for the year ended 30 April 2003;

2. To re-elect Directors and to fix their remuneration;

3. To re-appoint Auditors and to authorise the Directors to fix their remuneration;

4. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:–

   "**THAT**:

   (a) the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK$0.01 each in the capital of the Company on The Stock Exchange of Hong Kong Limited be and is hereby generally and unconditionally approved;

   (b) the aggregate nominal amount of the shares which may be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and

(c) for the purpose of this Resolution:–

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

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

(iii) the expiration of the period within which the next Annual General Meeting of the Company is required by law or the Company's Bye-laws to be held."

5. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:–

"**THAT**:

(a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power during or after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of rights of subscription under the terms of any warrants or other securities issued by the Company as at the date of this Resolution carrying a right to subscribe for or purchase shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Bye-laws of the Company in force from time to time; or (iv) the exercise of the subscription rights under the share option schemes of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:–

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

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting; and

(iii) the expiration of the period within which the next Annual General Meeting of the Company is required by law or the Company's Bye-laws to be held."

"Rights Issue" means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors of the Company to holders of shares whose names appear on the register of members of the Company 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 applicable to the Company)."

6. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:

"**THAT** the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of shares in the capital of the Company which has been repurchased by the Company subsequent to the granting of such general mandate pursuant to the exercise by the Directors of the Company of the powers of the Company to repurchase such shares, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution.

By Order of the Board
CHEUNG Kwok Yu
Secretary

Hong Kong, 26 August 2003

Registered office:
Clarendon House
Church Street
Hamilton, HM 11
Bermuda

Head office and principal place of business:
Unit 1C & 1D, 14/F
Tower 2, Admiralty Centre
18 Harcourt Road
Hong Kong

Notes:

(a) The Register of Members will be closed from 10 October 2003 to 16 October 2003 (both days inclusive), during which period no transfer of shares can be registered.

(b) All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 9 October 2003.

(c) A Member entitled to attend and vote at the Meeting 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.

(d) To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's Registrars in Hong Kong, 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 for holding the Meeting.

(e) An explanatory statement containing further details regarding Resolutions 4 to 6 above will be sent to shareholders shortly together with the 2003 Annual Report.

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