



# ASIA ALUMINUM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2003

The directors (the “Directors”) of Asia Aluminum Holdings Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 June 2003, together with comparative figures for the previous year as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	Year ended 30 June	
		2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
TURNOVER	2		
Continuing operations		2,358,026	1,965,696
Discontinued operations		—	—
		<u>2,358,026</u>	<u>1,965,696</u>
Cost of sales and services provided		<u>(1,821,766)</u>	<u>(1,515,446)</u>
Gross profit		536,260	450,250
Other revenue and gains		58,580	31,338
Gain on disposal of discontinued operations		—	8,740
Gain on partial disposal of interests in subsidiaries		52,400	19,961
Selling and distribution costs		(55,819)	(38,333)
Administrative expenses		(130,360)	(113,852)
Expenditure on acquisition of certain business database	3	—	(73,558)
Provision for bad and doubtful debts		(14,350)	(31,110)
		<u>446,711</u>	<u>253,436</u>
PROFIT FROM OPERATING ACTIVITIES	2, 4	446,711	253,436
Finance costs		<u>(40,734)</u>	<u>(42,372)</u>
PROFIT BEFORE TAX			
Continuing operations		405,977	202,574
Discontinued operations		—	8,490
		<u>405,977</u>	<u>211,064</u>

TAX	5		
Continuing operations		(86,309)	(72,755)
Discontinued operations		—	—
		<u>(86,309)</u>	<u>(72,755)</u>
PROFIT AFTER TAX		319,668	138,309
Minority interests		(79,149)	(6,900)
		<u>240,519</u>	<u>131,409</u>
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS			
DIVIDENDS	6	<u>111,737</u>	<u>59,766</u>
		<i>HK cents</i>	<i>HK cents</i>
EARNINGS PER SHARE	7		
Basic		<u>9.83</u>	<u>5.78</u>
Diluted		<u>9.47</u>	<u>5.31</u>

## NOTES

### 1. Accounting policies

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

The following new and revised SSAPs are effective for the first time for the current year’s financial statements:

- SSAP 1 (Revised) : “Presentation of financial statements”
- SSAP 11 (Revised) : “Foreign currency translation”
- SSAP 15 (Revised) : “Cash flow statements”
- SSAP 33 : “Discontinuing operations”
- SSAP 34 : “Employee benefits”

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 2002.

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.

The analysis of the Group’s revenue and profit/(loss) by principal activity and geographical area is as follows:

#### (a) Business segments

	Continuing operations					Discontinued operations	Consolidated HK\$'000
	Aluminum extrusion products HK\$'000	Stainless steel products HK\$'000	Aluminum panels HK\$'000	Design and testing services HK\$'000	Others HK\$'000	Environmental protection products HK\$'000	
<b>For the year ended 30 June 2003</b>							
Segment revenue:							
Sales to external customers	1,828,000	361,562	153,069	15,395	-	-	2,358,026
Other revenue	3,992	-	-	-	-	-	3,992
Total	<u>1,831,992</u>	<u>361,562</u>	<u>153,069</u>	<u>15,395</u>	<u>-</u>	<u>-</u>	<u>2,362,018</u>
Segment results	<u>245,819</u>	<u>23,733</u>	<u>79,544</u>	<u>12,778</u>	<u>(4,609)</u>	<u>-</u>	357,265
Interest and unallocated gains							106,988
Unallocated expenses							<u>(17,542)</u>
Profit from operating activities							446,711
Finance costs							<u>(40,734)</u>
Profit before tax							405,977
Tax							<u>(86,309)</u>
Profit before minority interests							319,668
Minority interests							<u>(79,149)</u>
Net profit from ordinary activities attributable to shareholders							<u>240,519</u>
<b>For the year ended 30 June 2002</b>							
Segment revenue:							
Sales to external customers	1,698,222	133,204	108,608	21,370	4,292	-	1,965,696
Other revenue	6,216	-	-	-	-	-	6,216
Total	<u>1,704,438</u>	<u>133,204</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>

(b) *Geographical segments*

	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	North America <i>HK\$'000</i>	Asia Pacific, excluding Mainland China & Hong Kong <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 30 June 2003</b>						
Segment revenue:						
Sales to external customers	<u>249,078</u>	<u>1,860,621</u>	<u>133,017</u>	<u>104,755</u>	<u>10,555</u>	<u>2,358,026</u>
<b>For the year ended 30 June 2002</b>						
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>

3. During the prior 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 by the Group in acquiring certain business database for injection into the JVs was HK\$73,558,000.

4. The Group’s profit from operating activities is arrived at after charging the following:

	<b>2003</b> <i>HK\$'000</i>	<b>2002</b> <i>HK\$'000</i>
Cost of inventories sold*	<b>1,819,149</b>	1,510,063
Cost of services provided	<b>2,617</b>	5,383
Depreciation*	<b>90,192</b>	73,857
Staff costs (excluding directors’ emoluments):		
Salaries and wages	<b>95,621</b>	67,123
Pension scheme contributions	<b>383</b>	383
	<u><b>96,004</b></u>	<u>67,506</u>
Minimum lease payments under operating lease on land and buildings	<b>10,082</b>	17,904
Loss on disposal/write-off of fixed assets*	<b>11,401</b>	15,429
Exchange losses, net	<b>457</b>	–
	<u><b>457</b></u>	<u>–</u>

\* *Out of the total depreciation charge of HK\$90,192,000 (2002: HK\$73,857,000), an amount of HK\$72,880,000 (2002: HK\$56,162,000) has been included in the cost of inventories sold. The cost of inventories sold also included the loss on disposal/write-off of fixed assets.*

5. **Tax**

	<b>Year ended 30 June</b>	
	<b>2003</b> <i>HK\$'000</i>	<b>2002</b> <i>HK\$'000</i>
Current year provision:		
Hong Kong	–	–
Elsewhere	<b>86,328</b>	72,641
Under/(over)provision in prior years	<b>(19)</b>	114
	<u><b>86,309</b></u>	<u>72,755</u>

No Hong Kong profits tax has been provided as there were no estimated assessable profits arising from the Group's operations in Hong Kong during the year (2002: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable 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

	Year ended 30 June	
	2003 HK\$'000	2002 HK\$'000
Paid:		
– Interim: HK1.5 (2002: HK1.0) cents per ordinary share	37,672	23,050
– Special: HK1.0 (2002: Nil) cent per ordinary share	25,114	–
– Underaccrual of final dividend for 2002 (2002: underaccrual of final and special dividends for 2001) due to conversion of convertible bonds and exercise of share options before dividend record date	1,073	1,050
Proposed:		
– Final: HK1.8 (2002: HK1.5) cents per ordinary share	47,878	35,666
	<u>111,737</u>	<u>59,766</u>

The proposed final dividend for the year ended 30 June 2003 are 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\$240,519,000 (2002: HK\$131,409,000) and the weighted average number of 2,446,290,127 (2002: 2,273,832,402) 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\$241,191,000 (2002: HK\$133,213,000) and on 2,547,615,290 (2002: 2,508,071,214) ordinary shares, 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

### The Operating Review

#### *Turnover*

The Group had an outstanding year in 2002/03. The growth in the aluminum downstream industry was propelled by the robust demand from the global market. The PRC is currently the second largest country in the world in terms of aluminum consumption and continues to be the Group's largest and the most promising market. The success in our PRC franchise model has positioned the Group well to enjoy benefits from the unrivalled economic growth of the PRC. Turnover of the Group for the year increased 20% to HK\$2,358 million.

## *Operating Results*

The Group maintained a stable gross profit margin through persistent cost control and enhancement of product mix. The overall margin during the year was 22.7% and amounted to HK\$536 million.

The profit before tax for the year increased by 92% to HK\$406 million and the net profit attributable to shareholders increased by 83% to HK\$241 million which included an additional gain of HK\$52 million derived from the disposal by the Company of a 26.2% interest in its major subsidiary, Asia Aluminum Group Limited (“AAG”) in June 2001.

## *Business Components*

AAG and its subsidiaries (the “AAG Group”) are principally engaged in the manufacturing and sales of aluminum extrusion and stainless steel products. During the year, the AAG Group continued to be a major profit contributor to the Group. It continued to reinforce its leading position in the aluminum business and to spare efforts to further expand production capacity, sales network and market share.

### (a) Aluminum Extrusion and Panel

Turnover from manufacturing and sales of aluminum products has recorded a steady increase for the reporting year as a result of uninterrupted growth in domestic demand in the PRC and diversification of the Group’s product portfolio into high-end products with complex applications. The turnover during the year amounted to HK\$1,981 million, representing an increase of 10% from last year. The margin has been kept relatively stable with an improving outlook.

### (b) Stainless Steel

The stainless steel market in the PRC is highly fragmented and is dominated by a few market participants. Though the PRC’s continuous investment in infrastructure projects has increased consumption of stainless steel, over-supply in the global market heightened competition and impaired the operating environment for manufacturing and sales of stainless steel. The Group slowed down its stainless steel operation in the first half of the year due to unattractive returns. Sales and profit margin recovered through process integration and product diversification in the second half. Sales of stainless steel products increased 171% to HK\$362 million over the previous year with the gross profit margin increased to 11.0%.

### (c) Design and Testing Services

The revenue derived from the provision of design and testing services for aluminum products was steady and amounted to HK\$15 million. The Group’s testing chamber and facilities have been accredited and qualified to provide the testing services for both the PRC and HK customers in the construction sector. This will further strengthen the Group’s position as a one-stop total solution provider.

### *Growth of Production Capacity*

The Group's current annual total production capacity is 140,000 metric tons, representing a 17% growth from the last balance sheet date. This enables the Group to maintain its leadership as the largest aluminum extruder in Asia. Leveraging on the emerging business opportunities in the PRC and North American markets, the Group will cautiously evaluate and actively reinvest the funds generated from operations to enhance its growth.

The Group will pursue growth both vertically and horizontally through acquisitions and organic growth. Currently, the Group has abundant orders-on-hand and has outsourced some of its orders to a few selected extrusion factories, which are the potential acquisition targets for us.

### *Employees and Remuneration Policies*

As of 30 June 2003, the Group employed over 4,400 full time management, administrative and production staff in Hong Kong and the PRC. The remuneration policies of the Group are reviewed on an annual basis and the remuneration packages include medical insurance, pension funds (Mandatory Provident Fund Scheme for the Group's employees in Hong Kong) and bonuses.

### *Prospect and Future Plans*

#### (a) PRC Sales

The outlook for the PRC market continues to be very promising. The strong demand for aluminum products brought by the PRC's rapid urbanization and stable economic growth is further fuelled by the forthcoming 2008 Beijing Olympic Games, the 2010 Shanghai World Expo, the China Go-West Policy and the Housing Reform. The Group has secured aluminum extrusion and panel supply contracts for Beijing Grand Opera House, Hangzhou Opera House, Beijing Friendship Hospital, Tianjin People's Hospital, Shanghai German Centre, Shenzhen People's Square and Shanghai Xintiandi II. Supply contracts for various projects for the Beijing Olympics are in the final negotiation stage.

#### (b) International Sales

In Hong Kong, the Group has obtained supply contracts for AIG Tower, Tsing Yi Hotel, Tsuen Wan Police Headquarter, The Science Park, the Langham Place in Mongkok, Enterprise Square III in Kowloon Bay. The supply contract for The Disneyland Park will be concluded soon.

The contract to supply aluminum extrusion products and panels to Macau Casino Project is confirmed.

Outside Hong Kong and Macau, the Group has obtained supply contracts for Cedars-Sinai Medical Centre and State Office Building in the United States, QV1 in Australia and SK Telecom Building in South Korea.

The Group is expecting seamless sales growth in the North American market in 2004, through increasing outsourcing orders from Indalex and other direct marketing and active order soliciting. Given the cost competitiveness of our products, the Group believes that the North American market shall deliver good performance in the coming years. Despite possible competition, the Group and Indalex keep an open attitude and are now working together to reformulate their strategies so as to strengthen their joint market position in the industry.

Sales to international markets and the PRC domestic market were HK\$497 million and HK\$1,861 million respectively. It is the Group's strategy to maintain well-balanced geographical and product mixes to minimize concentration risks. Despite the strong growth in the PRC market, the Group plans to increase its share in still untapped international markets and is aiming at deriving 50% of its sale from international markets and the remaining 50% from the PRC. With regard to the product mix, the Group will further increase the proportion of consumer household and paint-coated products to enhance its profit margins.

(c) Asia Aluminum Industrial City

The Group has recently announced a major investment at the High-Tech Development Zone of Zhaoqing City, Guangdong Province, PRC. The investment is strongly supported by the Zhaoqing Municipal Government. This will comprise establishment of "Asia Aluminum Industrial City" and a pilot project in manufacturing and sales of premium aluminum sheets. The facilities will be set up to produce 400,000 metric tonnes of premium aluminum sheets per annum. The products are widely applied in aluminum can manufacturing, automobile, construction, printing and aerospace industries.

While the new aluminum sheet facilities will only occupy a quarter of the site area of the industrial city, the Group is cautiously planning to centralize and move its existing five factories in Foshan City to a single production complex within the same industrial city. The Group believes that the move can further enhance its cost control and operating efficiency.

## **The Financial Review**

### *Attributable Return to Shareholders and Dividend Policy*

Basic earnings per share ("EPS") for the year were HK 9.83 cents, compared to HK 5.78 cents in the last year. In order to maintain a growth and avoid possible dilution in the EPS as a result of issue of new shares arising from exercise of share options, as revealed earlier during the interim period, the Board of Directors had decided not to issue any new share options in a 12-month period.

The Group adopts a consistent dividend payment policy. The payout ratio has been more than 40% since 2001. The Board has recommended payment of a final dividend of HK 1.8 cents per share to the shareholders of the Company whose names appear on the Register of Members of the Company on 9 December 2003. The dividend warrants will be dispatched on or before 29 December 2003.

### *Capital Structure and Treasury Policy*

The Group has maintained a strong and stable financial position. As on 30 June 2003, the Group had total assets of approximately HK\$4,139 million, comprising non-current assets of approximately HK\$1,021 million and current assets of approximately HK\$3,118 million, which were financed by current/ non-current liabilities, minority interests and shareholders' funds of approximately HK\$1,585 million, HK\$554 million, HK\$2,000 million respectively.

In July 2003, the Group has arranged a new 3-year syndicated loan, which received overwhelming responses from the banking community. With participation from 13 financial institutions, the loan was increased to US\$75 million from the original target of US\$60 million. Of the total proceeds raised, an amount of US\$40 million has been used to refinance the previous syndicated loan maturing in January 2004. The balance of US\$35 million will be used as the Group's general working capital. The management believes that the lower financing cost will benefit the Group's future development plan.



The Group generally finances its operations with internal resources as well as banking and credit facilities granted by banks and financial institutions in Hong Kong and the PRC. The majority of the banking and credit facilities are trade finance facilities and are denominated in US dollars. Interest rates are fixed by reference to the London Interbank Offered Rate.

As at 30 June 2003, the Group's cash and bank balances and total borrowings were approximately HK\$1,987 million and HK\$998 million respectively. The Group's consolidated net cash as at 30 June 2003, being cash and bank deposits less bank borrowings, amounted to HK\$989 million as compared to HK\$543 million as at 30 June 2002. Most of the bank deposits are denominated in Renminbi.

As at 30 June 2003, the Group has contingent liabilities of bills discounted with recourse of approximately HK\$13.1 million and guarantee for certain banking facilities of approximately HK\$10.9 million respectively.

### *Liquidity and Financial Resources*

The Group's liquidity position remains strong with available undrawn bank facilities together with bank deposits of HK\$1,162 million and HK\$1,987 million respectively as of 30 June 2003. 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 for further expansion, including potential acquisitions.

As at 30 June 2003, the Group had aggregate banking and credit facilities in respect of overdrafts, short term loans, trade financing and finance leases of approximately HK\$1,893 million and were secured by the Group's certain tangible fixed assets with net book value totaling HK\$15 million and bank deposits of approximately HK\$116 million. In addition, the Company has provided corporate guarantees for a total amount of HK\$1,670 million. The Group had utilized a total of approximately HK\$686 million of the aforesaid banking and credit facilities and HK\$586 million of the corporate guarantees as on the same day.

The debt to equity ratio (debt/shareholders' funds) of the Group as at 30 June 2003 was 50%, slightly increased from last year. The current ratio was 2.0 at as 30 June 2003 and was increased to 2.5 after the refinancing arrangement of the above-mentioned new syndicated loan. Of total borrowings as of 30 June 2003, all are repayable within one year.

### **FINAL DIVIDEND**

The Directors recommended a final dividend of HK1.8 cents per ordinary share for the year ended 30 June 2003 payable to those shareholders whose names appear on the Register of Members of the Company on 9 December 2003. Dividend warrants are expected to be dispatched to shareholders on or about 29 December 2003.

### **CLOSURE OF TRANSFER BOOKS**

The Register of Members of the Company will be closed from Thursday, 4 December 2003 to Tuesday, 9 December 2003, 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 Wednesday, 3 December 2003.

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

During the year ended 30 June 2003, 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 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](http://www.asiaalum.com) in due course.

By Order of the Board  
**Kwong Wui Chun**  
*Chairman*

Hong Kong, 29 October 2003

## 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 Tuesday, 9 December 2003 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 2003.
2. To declare the payment of a final dividend for the year ended 30 June 2003.
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. (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, options and warrants 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, options and warrants 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 or issue to employees of the Company and/or any of its subsidiaries of shares or other approved participants 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 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. 5(1) and 5(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. 5(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. 5(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, 29 October 2003

*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 Thursday, 4 December 2003 to Tuesday, 9 December 2003, 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 Wednesday, 3 December 2003.

- (4) In relation to the proposed resolution no. 5(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 2003 annual report.
- (5) In relation to the proposed resolution no. 5(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 SCMP”.