



KARL THOMSON HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2002

The Board of Directors of Karl Thomson Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2002, together with the comparative figures for 2001 as follows:-

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	For the year ended 31 March	
		2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Turnover	3	32,385	43,235
Gain on disposal of shares in Hong Kong Exchanges and Clearing Limited (“HKEx”)		—	23,534
Other income		2,230	851
Amortisation of intangible assets		(10,616)	—
Consultancy fee	5	(12,110)	—
Depreciation		(1,689)	(835)
Finance costs	6	(344)	(593)
Impairment loss recognised in respect of a licence and right to use a website and trademark	7	(86,897)	—
Other operating expenses		(23,433)	(17,795)
Staff costs, including directors’ remuneration		(18,254)	(12,426)
(Loss) profit before taxation	8	(118,728)	35,971
Taxation	9	(6)	(1,855)
(Loss) profit before minority interests		(118,734)	34,116
Minority interests		45,330	—
Net (loss) profit for the year		(73,404)	34,116
Dividends	10	—	25,000
(Loss) earnings per share	11		
Basic		<u>HK(16.1) cents</u>	<u>HK9.1 cents</u>
Diluted		<u>HK(16.1) cents</u>	<u>N/A</u>

Notes:

1. GENERAL

The Company is an exempted company incorporated under the Companies Act 1981 of Bermuda (as amended). Its ultimate holding company is J&A Investment Limited, which is incorporated in the British Virgin Islands.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “Group”) are the provision of financial services, including stockbroking, futures and option broking, securities margin financing services and the operation of distribution platforms for online advertising.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a number of revised and new Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants. The adoption of these revised and new SSAPs has led to a number of changes in the Group’s accounting policies. These revised accounting policies have not affected the amounts reported for the current or prior periods. In addition, these revised and new SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative disclosures for the prior year have been restated in order to achieve a consistent presentation.

The Group has adopted SSAP 30 “Business Combinations” and has elected not to restate goodwill previously eliminated against reserves. Accordingly, goodwill arising on acquisition prior to 1 April 2001 continues to be held in reserves and will be charged to the income statement at the time of disposal of the relevant business or at such time as further impairment losses are identified. Goodwill arising on acquisitions after 1 April 2001 is capitalised and amortised over its estimated useful life.

3. TURNOVER

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Commission and brokerage	22,198	29,486
Interest income from:		
Clients	8,035	9,082
Authorised institutions	1,416	4,160
Other	575	507
Advertising income	161	—
	<u>32,385</u>	<u>43,235</u>

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into three operating divisions, namely, broking, securities margin financing and operation of distribution platforms. These divisions are the basis on which the Group reports its primary segment information. The principal activities of these divisions are as follows:

Broking — provision of stockbroking, and futures and options broking services

Securities margin financing — provision of securities margin financing

Operation of distribution platforms — operation of distribution platforms for online advertising

Segment information about these businesses is presented below:

Income statement for the year ended 31 March 2002

	Broking <i>HK\$'000</i>	Securities margin financing <i>HK\$'000</i>	Operation of distribution platforms <i>HK\$'000</i>	Other <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
Segment turnover	<u>25,171</u>	<u>6,415</u>	<u>161</u>	<u>638</u>	<u>32,385</u>
RESULTS					
Segment (loss) profit	<u>(6,902)</u>	<u>1,633</u>	<u>(99,827)</u>	<u>(421)</u>	<u>(105,517)</u>
Unallocated expenses					(13,211)
Loss before taxation					(118,728)
Taxation					(6)
Loss after taxation					<u>(118,734)</u>

Income statement for the year ended 31 March 2001

	Broking <i>HK\$'000</i>	Securities margin financing <i>HK\$'000</i>	Operation of distribution platforms <i>HK\$'000</i>	Other <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
Segment turnover	<u>35,948</u>	<u>7,287</u>	<u>—</u>	<u>—</u>	<u>43,235</u>
RESULTS					
Segment profit	<u>12,783</u>	<u>2,615</u>	<u>—</u>	<u>—</u>	<u>15,398</u>
Gain on disposal of shares in HKEx					23,534
Unallocated expenses					(2,961)
Profit before taxation					35,971
Taxation					(1,855)
Profit after taxation					<u>34,116</u>

Geographical segments

All of the activities of the Group are based in Hong Kong and all of the Group’s turnover and (loss) profit before taxation are derived from Hong Kong. In addition, the Group’s assets are located in Hong Kong.

5. CONSULTANCY FEE

During the year, the Group entered into a consultancy agreement with Chestrich Investments Limited (“Chestrich”) under which Chestrich would provide internet advisory, management and business development services to the Group for a term of two years from 29 June 2001. In consideration of the consultancy services provided by Chestrich, the Company granted to Chestrich an option to purchase 22,000,000 (after adjusting of the effect of bonus issue, the number of shares has been changed to 44,000,000) ordinary shares of HK\$0.10 each of the Company at an exercise price of HK\$3.80 per share (after adjusting of the effect of the bonus issue, the exercise price has been changed to HK\$1.90 per share) at any time within two years from 29 June 2001. The fair value of the options granted to Chestrich, which was computed using the Black-Scholes option pricing model, is approximately HK\$32,294,000 of which approximately HK\$12,110,000 has been charged to the income statement over the term of the consultancy agreement.

6. FINANCE COSTS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest on borrowings wholly repayable within five years:		
Bank overdrafts	2	3
Finance leases	114	—
Other borrowings	228	590
	<u>344</u>	<u>593</u>

7. IMPAIRMENT LOSS RECOGNISED IN RESPECT OF A LICENCE AND RIGHT TO USE A WEBSITE AND TRADEMARK

In face of the drastic and dramatic economic downturn and terrorist attack in the United States of America on 11 September 2001 (the “911 Incident”), the advertising market in the internet arena has experienced a difficult time. Under the difficult economic times, there is a general decline in advertisers using the internet. The Directors reassessed the recoverable amount of the license and right to use a website and trademark at the balance sheet date. Having taken into account of the revenues generated from the operation of distribution platforms for online advertising during the year and the prevailing uncertain and sluggish economic condition, the Directors adopted a conservative approach in revising the business plan of the operation of distribution platforms for online advertising and have reservation towards whether the license and right to use a website and trademark will generate significant future economic benefits to the Group. Thus, an impairment loss of HK\$86,897,000 has been identified and recognised in the consolidated income statement.

8. (LOSS) PROFIT BEFORE TAXATION

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
(Loss) profit before taxation has been arrived at after charging:		
Auditors’ remuneration	717	500
Goodwill written off	9	—
Loss from error trades	27	161
Operating lease rentals in respect of rented premises	6,684	5,226
Contributions to retirement benefits scheme	<u>784</u>	<u>187</u>

9. TAXATION

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Hong Kong Profits Tax		
Provision for the year	6	1,859
Overprovision in prior year	<u>—</u>	<u>(4)</u>
	<u>6</u>	<u>1,855</u>

Hong Kong Profits Tax is calculated at 16% on the Group’s estimated assessable profits for both years.

The Group did not have any significant unprovided deferred taxation for the year and at the balance sheet dates.

10. DIVIDENDS

No dividend was paid or declared by the Company during the year ended 31 March 2002.

Certain subsidiaries of the Group declared special dividends with an aggregate amount of HK\$25,000,000 to the then shareholders prior to the reorganisation of the Group for the year ended 31 March 2001.

11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Net (loss) profit for the year attributable to shareholders	<u>(73,404)</u>	<u>34,116</u>
	Number of shares <i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u>454,849</u>	<u>375,986</u>

The computation of diluted loss per share for year ended 31 March 2002 does not assume the exercise of the Company’s options as their exercise prices were higher than the average market price for shares for year 2002.

The weighted average number of ordinary shares for the year ended 31 March 2001 for the purposes of basic earnings per share has been adjusted for the bonus issue which was approved by the shareholders on 31 August 2001.

12. CONTINGENT LIABILITIES

(i) The Company has given guarantees of HK\$80,000,000 (2001: HK\$30,000,000) to banks in respect of general facilities granted to subsidiaries. At 31 March 2002, the subsidiaries did not utilise such general facilities.

(ii) Pursuant to the shareholders agreement entered into between the Group and GL Trade SA (the “Shareholders’ Agreement”), the Group shall transfer up to a maximum of 3,000 customers to KTG Trade Limited. During the year, the Group provided a list of existing customers’ account numbers to GL Trade SA and KTG Trade Limited and received HK\$28,080,000. Under the Shareholders’ Agreement, the Group will meet its obligation of transferring 3,000 customers to KTG Trade Limited only if the transferred customers meet the trading volume as set out in the Shareholders’ Agreement at the end of twelve months from the date of KTG Trade Limited being fully operational. In the event that the number of customers transferred is less than 3,000, the Group shall pay to KTG Trade Limited HK\$1,200 for each number of account of the shortfall. If the Group fails to pay by the end of thirteenth months from the date of KTG Trade Limited being fully operational (the “Payment Date”), GL Trade SA shall have the option to purchase a maximum 30% equity interest in KTG Trade Limited from the Group at US\$1,000 for every one per cent of the share capital of KTG Trade Limited as at the date of incorporation of KTG Trade Limited. The option shall be exercised within 3 months from the Payment Date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the financial year under review, almost every sector of the economy is struggling through one of its worst slumps and the local financial industry also confronted with grave challenges in its operating environment as turbulence persisted on local and major overseas stock markets resulted from the global economic downturn. Investment sentiment was further aggravated by the impact of terrorist attack in the 911 Incident. Given the difficulties and challenges, the Group has managed to overcome the adverse environmental elements by adopting a lean and mean approach for its operations without sacrificing the quality of service. During the financial year under review, the Group recorded a decrease in consolidated turnover by 25.10% to approximately HK\$32,385,000 (2001: HK\$43,235,000). Loss attributable to shareholders for the year amounted to approximately HK\$73,404,000 and loss per share of HK16.10 cents. The corresponding figures for the previous financial year were a profit of HK\$34,116,000 and earnings per share of HK9.10 cents respectively. Included in last year’s profit were gains arising from the disposal of shareholdings in the HKEx amounted to HK\$23,534,000.

Provision for Impairment Loss

During the financial year under review, Karl Thomson (B.V.I.) Limited, a subsidiary of the Company, has agreed to acquire 57.14% of the issued share capital of LuckySurfAsia.com via the purchase of the entire share capital of LuckySurf International for a consideration of HK\$60,000,000 on 18 May 2001. The Directors anticipated LuckySurfAsia.com to take full advantage of business opportunities generated from advertising, sponsorship and partnerships at the time of acquisition. Through the provision of an efficient advertising distribution platform, revenue could be generated from electronic commerce referral fees and direct marketing expertise from the collection of rich demographic data. The decision was based on the successful business model of Luckysurf.com after careful examination by the Directors on market trend and was supported by a valuation report. The acquisition constituted a discloseable transaction and the consideration was satisfied by the Company issuing and allotting to the Vendor 20,000,000 new shares.

In view of the drastic economic slowdown which led to a general decline in corporate expenditure on advertisement, While the Group foresees improvement in the short run as remote under the prevailing economic condition, the Directors revised the business plan of the operation of distribution platforms for online advertising after examination on the future economic benefits to the Group generated from the license and right to use the respective website and trademark. Therefore, a provision for an impairment loss of approximately HK\$86,897,000 in value of investment in respect of the Group’s investment in an online marketing platform, LuckySurfAsia.com, has been identified and recognized in the consolidated income statement.

Brokerage Business

During the financial year under review, average daily trading volume on The Stock Exchange of Hong Kong Limited (the “SEHK”) fell more than 30% due to sluggish trading activities. Under the adverse market condition, our brokerage commission income from stockbroking, and futures and options broking services as well as underwriting commission which accounted for 77.72% of total operating income dropped approximately by 29.98% to HK\$25,171,000 (2001: HK\$35,948,000). The decline in operating income was mainly a consequent of the prolonged depression of market sentiment during the financial year under review. Thus, the Group has examined its operational resource allocation and consolidated its branch networks.

Securities Margin Financing

Interest income generated from securities margin financing accounted for 19.81 % of the Group’s turnover. The repetitive reduction in interest rate for 9 times during the financial year under review led to a substantial reduction for almost 4% in our prime lending rate. Our interest income received during the period dropped by approximately 11.97% to HK\$6,415,000 (2001: HK\$7,287,000).

Financial Advisory Services

As part of the Group’s development strategy in diversifying range of service and product for our clients, it has successfully expanded its business through a subsidiary which has been registered as an independent financial adviser in Hong Kong. Our high-calibre and competent advisers will dedicate their best effort to assist our clients to achieve their financial goals by tapping into our network with the world’s best-known asset management houses on funds distribution and insurance brokerage business. We will act on our clients’ best interest via active and cautious search for the most suitable plans to meet their financial goals.

Investment Banking

Backed by the Group’s benign position in the industry and financial strength, the Group extended its arm in corporate finance and structured finance business via acquisition of an active local investment advisory company in March 2002. We are ready to provide a wide range of financial consultancy services and fund-raising services for corporate clients. With our experienced and competent management, we are ready to offer a wide range of investment advisory services.

Strategic Developments

On 29 June 2001, the subsidiary, Karl Thomson (B.V.I.) Limited, has also entered into an agreement with GL Trade SA for the formation of a joint venture company, KTG Trade Limited for the development, operation and promotion of an online securities trading platform for the provision of online brokerage services and other value-added services to our clients. Of the US\$4,000,000 (HK\$31,200,000) the subsidiary has agreed to subscribe for 81% of the JV’s shares, HK\$16,500,000 was funded by the proceeds from the offering as mentioned in the prospectus. The remaining balance of HK\$14,700,000 was funded by internal resources.

The Company has also put extra effort to sharpen its competitive edge via development and broadening of its range of services and products. We also seek to form strategic alliance with internationally renowned corporations and work for the introduction of innovative investment products. The Group has entered into a cooperation agreement with a pioneer in CMC Group Plc of UK as a first step to develop and promote its 24-hour real time on-line stock and index CFD products in the Greater China Region. Capitalizing on the state-of-art networking security technology, the Group has also allied with AudioSmartCard SA in France in an attempt to widen its product base and enhance its competitiveness in the market.

Taking a step forward in building up its “Asian Value”, Karl-Thomson Securities Company Limited, the wholly-owned subsidiary of the Company, has signed a Letter of Intent with Chung Hsing Securities Corporation, a subsidiary of Chung Hsing Bills Finance Group in Taiwan for the formation of a strategic alliance to broaden its focus and enhance its presence in the Greater China Region. The Company will act as a marketing gateway to Asia, creating a synergistic way to propel our goal towards global linkage.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Karl Thomson Holdings Limited (the “Company”) will be held at Unit 801, Tower One, Lippo Centre, 89 Queensway, Hong Kong on 28 August 2002, Wednesday, 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 the Auditors for the year ended 31 March 2002.
- 2. To re-elect the retiring Directors of the Company (the “Directors”) for the ensuing year and to authorise the Directors to fix the Directors’ remuneration.
- 3. To ratify the appointment and re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
- 4. To consider and, if thought fit, pass with or without amendments, the following Resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

A. THAT

- (i) subject to paragraph A(iii) and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the exercise by the Directors 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 power be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph A (i) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the expiry of the Relevant Period;
- (iii) the aggregate nominal value of share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph A(i), otherwise than pursuant to a Rights Issue (as hereinafter defined) or any 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 right to acquire shares in the Company shall not exceed 20% of the aggregate of the total nominal value of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and
- (iv) for the purposes of this Resolution:

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

- 1. the conclusion of the next annual general meeting of the Company; or
- 2. 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 the Companies Act or any applicable law to be held; or
- 3. the passing of an Ordinary Resolution by the shareholders of the Company in general meeting revoking, varying or revising the authority given to the Directors by this Resolution; and

“Rights Issue” means an offer of shares in the capital of the Company or an offer or issue of options or, warrants or other securities granting the right to subscribe for shares, open for a period fixed by the Directors to holders of shares on the register of members of the Company on a fixed record date in

Financial Position

Despite the depressed economic environment, the financial position of the Group remained sound and healthy. As at 31 March 2002, total shareholders’ funds were HK\$150,860,000 (2001:HK\$143,634,000). The Group had cash deposits of HK\$53,748,000 at 31 March 2002 (2001: HK\$100,349,000). The decline of the cash deposits is attributed to the significant increase of loans to securities margin clients.

Liquidity, Financial Resources and Funding

The Group generally finances its operation with internally generated cash flows. As at 31 March 2002, the Group has cash and cash equivalent of approximately HK\$53,748,000 (2001:HK\$100,349,000). The Group has no bank borrowings apart from occasional utilization of overdraft facilities and a fixed deposit of approximately HK\$ 7,411,000 pledged to a bank to secure general banking facilities during the period. The Group has obtained facilities which are renewable annually from several banks. The capital required for daily operations are generally satisfied by utilization of internal resources.

The facilities required for the securities margin finance operations are secured by securities of margin clients and the Group. The interest effect on the proceeds received from share offer has been insignificant.

Human Resources

As at 31 March 2002, the Group has approximately 106 employees. Remuneration for its employees is based on industry practice and performance of individual employees. The Group also adopts a share option scheme for its staff of senior grade.

PROSPECTS

Although the Group considers cautiously that the recovery of the local and US economy from recession will only be slow and gradual in the foreseeable future, we will continue to implement a stringent review of strategy in business development. Notwithstanding the US economic recession, the enduring and flourishing development in Mainland China have created a new economic horizon in the Far East. Indeed, the vibrant evolution of the China economy and the remarkable business opportunities generated from China’s triumphant admission to the World Trade Organization has produced a boost of sentiment for the region. The aggressive regulatory reform will continue to attract both local and foreign market practitioners to tap into the advantages offered by the brightening prospect. Leveraged on Hong Kong’s well-established status as an international financial center, we believe Hong Kong companies are among the first movers to benefit from the collaboration of the two economic structures. With China’s long-term economic growth target being set at a Compound Annual Growth Rate of 7-8% for the next decade, we anticipate more foreign enterprises from different industries will seek to float or raise funds in both Hong Kong and Mainland China, which will further boost the growth of financial strength of the region. Looking ahead, we expect the gradual deregulations and opening up of the financial market will continue to attract liquidity. With the liberalization on various arenas of the financial market in Mainland China in the near future, the way is well paved for more cooperation and synergy between Hong Kong and its Mainland counterparts. We expect the imminent approval for the issuance of China Depository Receipts (“CDR”) by selected Hong Kong-listed red-chips companies and permission granted to qualified domestic and foreign institutional investors in China to invest in the Hong Kong market (“QDII”, “QFII”) will further strengthen Hong Kong’s position as a leading fund-raising venue in the Greater China Region.

We are confident that the investment sentiment in the stock market will pick up in the near future and will strive our objective to consolidate our base in Hong Kong while extending our network in the Greater China Region extend our foothold throughout Asia. Leveraging on our significantly stronger foundation, we are well prepared to take full advantage of the potential enormous inflow of funds and will maintain our focus to enhance efficiency via stringent cost control measures to preserve financial strength amidst the challenging market conditions. The Group will devote its attention to the expansion of a highly motivated and sales-oriented sales force to explore innovative products and enhance quality of service. To capture the opportunities created by the increasingly sophisticated demand from our clients, we will commit to develop the market for personal financial and wealth management services. In view of the intense market competition, we will seek to increase our immunity against the adverse effect via adoption of a prudent but progressive development strategy in maintaining high standard via technology innovation and quality service. We believe our commitment to provide high quality and efficient services to our clients can reinforce our market position as one of the most reputable market participants in the industry.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31 March 2002 with the Code of Best Practice (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except that the independent non-executive directors were not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company’s Bye-laws.

AUDIT COMMITTEE

To comply with the Code as set out in Appendix 14 of the Listing Rules, the Company set up an audit committee for the purpose of reviewing and providing supervision of the financial reporting process and internal control system of the Group. The audit committee comprises two independent non-executive directors of the Company. During the year, the audit committee has met twice for the purpose of reviewing the Group’s interim and final results.

PUBLICATION OF THE ANNUAL RESULTS ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

The financial and other information required by Paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the SEHK in due course.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 March 2002, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 21 August 2002 to Wednesday, 28 August 2002, both days inclusive, during which period no transfer of shares will be affected. The Hong Kong branch share registrar and transfer office of the Company is Standard Registrars Limited located at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

By Order of the Board
Nam Kwok Lun
Deputy Chairman and Executive Director

Hong Kong, 22 July 2002

proportion to their then holdings of shares, subject to all cases to such exclusions 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 the requirements of any recognized regulatory body or any stock exchange in any territory outside Hong Kong.

B. THAT

- (i) subject to paragraph B(ii) and all applicable laws and/or the requirement of the Listing Rules or of any other stock exchange as amended from time to time, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase the shares of the Company on The Stock Exchange of Hong Kong Limited (the “SEHK”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the SEHK for this purpose, is hereby generally and unconditionally approved;
 - (ii) the aggregate nominal amount of shares in the Company pursuant to the approval granted in paragraph B(i) during the Relevant Period shall not exceed 10% of the aggregate of nominal value of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval be limited accordingly; and
 - (iii) for the purposes of this Resolution:
“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:-
 - 1. the conclusion of the next annual general meeting of the Company; or
 - 2. 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 the Companies Act or any applicable to law to be held; or
 - 3. the passing of an Ordinary Resolution by the shareholders of the Company in general meeting revoking, varying or revising the authority given to the Directors by this Resolution.
- C. THAT conditional upon Resolutions Nos. 4A and 4B above being passed, the aggregate nominal value of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution No.4B above shall be added to the aggregate nominal amount of share the capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to Resolution No.4A above.

By Order of the Board
Angela Lui
Company Secretary

Hong Kong, 22 July 2002

Notes:

- 1. Any Member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and on a poll, vote in his stead. A proxy need not be a Member of the Company.
- 2. In order to be valid, the form of proxy must be deposited at the principal place of business of the Company in Hong Kong at Unit 801, Tower One, Lippo Centre, 89 Queensway, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- 3. The Register of Members will be closed from Wednesday, 21 August 2002 to Wednesday, 28 August 2002, both days inclusive, during which period no transfer of shares will be affected.
- 4. Concerning item 4A above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the Members as a general mandate for the purposes of Section 57B of the Companies Ordinance and the Listing Rules.
- 5. Concerning item 4B above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of the shareholders.
- 6. Concerning item 4A and 4B above, the Explanatory Statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, will be set out in a separate letter from the Company to be enclosed with the 2001/2002 Annual Report.