JACKLEY HOLDINGS LIMITED
美 吉 利 國 際 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2002

RESULTS

The board of directors (the "Board") of Jackley Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2002 together with the comparative figures for the previous year as follows:

	Notes	**2002** **HK$'000**	2001 HK$'000
TURNOVER	2	**182,062**	275,168
Cost of sales		**(134,542)**	(183,613)
Gross profit		**47,520**	91,555
Other revenue and gains		**2,732**	1,401
Selling and distribution expenses		**(10,075)**	(9,565)
Administrative expenses		**(24,485)**	(21,800)
Other operating expenses		**(4,062)**	(550)
PROFIT FROM OPERATING ACTIVITIES	3	**11,630**	61,041
Finance costs	4	**(1,728)**	(676)
PROFIT BEFORE TAX		**9,902**	60,365
Tax	5	**(1,053)**	(18,070)
PROFIT BEFORE MINORITY INTERESTS		**8,849**	42,295
Minority interests		**(3,970)**	2,053
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**4,879**	44,348
DIVIDEND	6		
Interim		**–**	10,000
EARNINGS PER SHARE	7		
– Basic		**HK0.4 cent**	HK3.9 cents
– Diluted		**HK0.4 cent**	N/A

Notes:

1. **IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")**

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 34: "Employee benefits"

These new and revised SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in the financial statements of adopting these SSAPs are summarised in the note to the financial statements.

2. **SEGMENT INFORMATION**

(a) Business segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments.

	Manufacture of carpets		Trading of carpets		Consolidated	
	2002 **HK$'000**	2001 HK$'000	**2002** **HK$'000**	2001 HK$'000	**2002** **HK$'000**	2001 HK$'000
Segment revenue:						
Sales to external customers	**105,174**	215,037	**76,888**	60,131	**182,062**	275,168
Segment results	**22,950**	61,621	**(911)**	3,375	**22,039**	64,996
Unallocated revenue					**2,732**	1,401
Unallocated expenses					**(13,141)**	(5,356)
Profit from operating activities					**11,630**	61,041
Finance costs					**(1,728)**	(676)
Profit before tax					**9,902**	60,365
Tax					**(1,053)**	(18,070)
Profit before minority interests					**8,849**	42,295
Minority interests					**(3,970)**	2,053
Net profit from ordinary activities attributable to shareholders					**4,879**	44,348

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

	Hong Kong		Macau		Mainland China		South East Asia		Consolidated	
	2002 **HK$'000**	2001 HK$'000	**2002** **HK$'000**	2001 HK$'000	**2002** **HK$'000**	2001 HK$'000	**2002** **HK$'000**	2001 HK$'000	**2002** **HK$'000**	2001 HK$'000
Segment revenue:										
Sales to external customers	**39,522**	32,628	**–**	–	**131,450**	242,540	**11,090**	–	**182,062**	275,168
Other segment information:										
Segment assets	**90,364**	44,299	**78**	58,295	**162,456**	174,148	**30,052**	–	**282,950**	276,742
Capital expenditure	**17,135**	704	**–**	–	**6,785**	12,892	**1,297**	–	**25,217**	13,596

3. **PROFIT FROM OPERATING ACTIVITIES**

The Group's profit from operating activities is arrived at after charging:

	2002 **HK$'000**	2001 HK$'000
Cost of inventories sold	**109,143**	183,613
Depreciation	**14,661**	12,380
Amortisation of long term lease rights *	**1,700**	1,700
Minimum lease payments under operating leases on leasehold land and buildings	**3,696**	2,681
Staff costs (excluding directors' remuneration):		
Wages and salaries	**5,808**	9,736
Retirement benefits scheme contributions	**134**	172
Auditors' remuneration	**950**	1,250
Revaluation deficit on leasehold land and buildings**	**752**	296
Loss on disposal of fixed assets**	**80**	9
Provision for slow-moving and obsolete inventories**	**1,812**	–
Provision for bad and doubtful debts**	**1,418**	245

* Included in "Cost of sales" on the face of the consolidated profit and loss account.

** Included in "Other operating expenses" on the face of the consolidated profit and loss account.

4. **FINANCE COSTS**

	Group	
	2002 **HK$'000**	2001 HK$'000
Interest on bank loans and overdrafts:		
Wholly repayable within five years	**1,404**	671
Repayable beyond five years	**274**	–
Interest on finance leases	**50**	5
	1,728	676

5. **TAX**

	Group	
	2002 **HK$'000**	2001 HK$'000
Current year provision:		
Hong Kong	**84**	396
Elsewhere in the People's Republic of China (the "PRC")	**969**	17,674
Tax charge for the year	**1,053**	18,070

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

One of the Company's subsidiaries operating in Mainland China is exempt from the income tax of Mainland China for two years starting from the first profitable year of its operations, and is entitled to a 50% relief from the income tax of Mainland China for the following three years under the Income Tax Law of Mainland China. Upon expiry of the tax relief period, the subsidiary will be subject to the full income tax rate of 33%. This subsidiary has not commenced to generate any assessable profits arising in Mainland China since the date of its establishment.

No provision for deferred tax had been made as the Group did not have any significant unprovided deferred tax liabilities in respect of the year (2001: Nil).

The revaluation of the Group's leasehold land and buildings does not constitute a timing difference and, consequently, there is no deferred tax arising thereon.

6. **DIVIDEND**

	2002 **HK$'000**	2001 HK$'000
Interim dividend	**–**	10,000

The interim dividend declared and paid for the year ended 31 December 2001 was paid by the Company to its then shareholders prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

7. **EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of approximately HK$4,879,000 (2001: HK$44,348,000), and the weighted average (2001: pro forma) of 1,245,000,000 (2001: 1,123,438,359) ordinary shares in issue during the year, as adjusted to reflect the bonus issue during the year.

The weighted average number of shares used to calculate the earnings per share for the prior year, before adjustment for the bonus issue during the year, included the pro forma issued share capital of the Company, comprising 1,000,000 shares issued nil paid on incorporation of the Company and 1,000,000 shares issued for the acquisition of the entire issued share capital of Jackley China Limited and the capitalisation issue of 340,500,000 shares.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of approximately HK$4,879,000. The weighted average number of ordinary shares used in the calculation is the 1,245,000,000 ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 463,178 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

A diluted earnings per share amount for the year ended 31 December 2001 has not been disclosed as no diluting events existed during that year.

8. **RESERVES**

	Share premium account HK$'000	Statutory reserve fund HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2001	–	–	86,608	86,608
Issue of shares	50,750	–	–	50,750
Capitalisation issue of shares	(34,050)	–	–	(34,050)
Share issue expenses	(11,876)	–	–	(11,876)
Interim 2001 dividend	–	–	(10,000)	(10,000)
Net profit for the year	–	–	44,348	44,348
Transfer to statutory reserve fund	–	11	(11)	–
At 31 December 2001 and 1 January 2002	4,824	11	120,945	125,780
Bonus issue of shares	(4,824)	–	(78,176)	(83,000)
Net profit for the year	–	–	4,879	4,879
At 31 December 2002	–	11	47,648	47,659

9. **COMPARATIVE AMOUNTS**

Due to the adoption of certain new and revised SSAPs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation.

SUMMARY OF AUDITORS' REPORT

The evidence available to the auditors was limited as follow:

1. **Scope limitation – Availability of Books and Records**

(a) Hui Yang Xie Kai Cheng Carpet Co., Ltd. ("Hui Yang")

As further explained in the note to the financial statements, the underlying books and records of Hui Yang, a 51% owned subsidiary of the Company located in Guangdong, the PRC, have not been made available to either the management of the Company or, hence, the auditors.

Consequently, management has consolidated Hui Yang based on its unaudited management accounts for the year ended 31 December 2002. The auditors have been unable to obtain adequate audit evidence to satisfy themselves as to the reliability of the amounts so consolidated in respect of Hui Yang during the year ended 31 December 2002 and the related balances as at 31 December 2002, as included in the consolidated financial statements. In particular, the auditors have been unable to perform any satisfactory audit procedures to substantiate the transactions entered into by Hui Yang during the year and the assets and liabilities of Hui Yang as at 31 December 2002; and to determine as to whether all appropriate disclosures have been included in the financial statements in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and Hong Kong Statements of Standard Accounting Practice.

The operating results of Hui Yang consolidated in the Group's financial statements and assets and liabilities as at 31 December 2002 are summarised in the note to the financial statements.

Furthermore, as explained in the note to the financial statements, the inventory records of another subsidiary of the Company are maintained in Hui Yang. The relevant audit evidence to support the inventory balances has not been available to either the directors or the auditors for the same reason stated above. Consequently, the auditors have not been able to satisfy themselves as to the validity, completeness and accuracy in respect of the net carrying value of certain Group's inventories of approximately HK$28.4 million included in the consolidated balance sheet at 31 December 2002.

In addition, for the same reason stated above, the auditors have not been able to obtain all necessary information for them to complete their review of subsequent events from the balance sheet date up to the date of the auditors' report. Such procedures might have resulted in the identification of adjustments to the amounts reported in and/or disclosed as notes to the financial statements and the disclosure of commitments and contingent liabilities of the Group as at 31 December 2002.

(b) Existence Limited ("Existence")

As further explained in the note to the financial statements, copies of the underlying books and records of Existence, which was disposed of during the year at no gain or loss, have not been retained by the Company. Nor has the Company had access to Existence's books and records in the preparation of these financial statements. Consequently, management has consolidated Existence based on available unaudited management accounts, but the auditors have not been provided with adequate audit evidence to satisfy themselves as to the nature, completeness, appropriateness, classification and disclosure in respect of the transactions undertaken by Existence for the period from 1 January 2002 up to the date when the Group disposed of Existence (the "Period"), as included in the consolidated financial statements. The auditors have been unable to perform any satisfactory audit procedures to substantiate the transactions entered into by Existence during the Period and the assets and liabilities at the date of disposal. To the extent that the consolidated results might have required adjustments, there would be a corresponding opposite resulting in a gain or loss arising from the disposal of Existence for the year. The operating results of Existence consolidated in the Group's financial statements and assets and liabilities as at the date of disposal are summarised in the note to the financial statements.

2. **Scope limitation – Trade receivables**
Included in the consolidated balance sheet of the Group as at 31 December 2002 are trade receivables of approximately HK$11 million, which are due from customers located in Malaysia. The directors are negotiating settlements with these debtors and believe that these balances will be settled in fiscal year 2003. However, no reliable information to assess the financial position of these debtors is available. Accordingly, the auditors have been unable to obtain sufficient audit evidence either to ascertain if these debts can be recovered in full, or to determine the amount of provision, if any, required to be reflected in the financial statements.

3. **Scope limitation – Deposit for investment**
As further explained in the note to the financial statements, the Group paid a deposit of approximately HK$8.8 million (the "Deposit") for the acquisition of a company which holds a trademark and certain technology knowhow. An independent professional valuer (the "Valuer") issued a valuation report in December 2002 to support the consideration to be paid by the Group in acquiring this company. However, the auditors have been unable to carry out the necessary audit procedures the auditors considered necessary to satisfy themselves as to the adequacy of the scope of the Valuer's work, and the auditors have also been unable to obtain sufficient reliable information, or carry out alternate auditing procedures to satisfy themselves as to the directors' assessment in connection with the carrying value of the Deposit. Accordingly, the auditors have been unable to ascertain the appropriateness of the carrying value of the Deposit as at 31 December 2002.

4. **Scope limitation – Amount due from an associate**
Included in the consolidated balance sheet of the Group as at 31 December 2002 is an amount due from an associate of approximately HK$1.8 million. There is no reliable information available to the auditors to assess the financial position of this associate. Accordingly, the auditors have been unable to obtain sufficient audit evidence either to ascertain if the amount can be recovered in full, or to determine the amount of provision, if any, required to be reflected in the financial statements.

Any adjustments that might have been found to be necessary in respect of matters set out in paragraphs 1 to 4 above would have a consequential effect on the net assets of the Group as at 31 December 2002 and the net profit attributable to the shareholders and cash flows for the year then ended, the classification of such items and their related disclosures in the financial statements, and the disclosure of commitments and contingent liabilities of the Group as at 31 December 2002.

5. **Scope limitation – Interests in subsidiaries**
Included in the balance sheet of the Company as at 31 December 2002 are interests in subsidiaries of HK$153,884,000 which include an indirect investment in Hui Yang of HK$20,541,000 and amount due from Hui Yang of HK$79,387,000, respectively. As set out in paragraph 1(a) above, the auditors have been unable to obtain sufficient reliable information, or to carry out alternative audit procedures to satisfy themselves regarding the financial position and results of Hui Yang. Accordingly, the auditors were unable to determine whether any provision for impairment loss is necessary as at 31 December 2002. Any adjustments that might have been found to be necessary in respect of the above would have a consequential effect on the net assets of the Company as at 31 December 2002 and the Company's net profit for the year then ended.

In forming their opinion the auditors also evaluated the overall adequacy of the presentation of information in the financial statements. The auditors believe that their audit provides a reasonable basis for their opinion.

Disclaimer of opinion
Because of the significance of the possible effects of the limitation in evidence available to the auditors as set out in paragraphs 1 and 5 above, the auditors are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2002 and of the profit and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Had there been no limitation in the evidence available to them as set out in paragraphs 1 and 5 above, the auditors would have reported that except for any adjustments that might have been found to be necessary had the auditors been able to obtain sufficient evidence relating to the matters discussed in paragraphs 2 to 4 above, in their opinion the financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 December 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitations on the auditors' work as set out above, they have not obtained all the information and explanations that they considered necessary for the purpose of their audit and they were unable to determine whether proper books of accounts have been kept.

USE OF PROCEEDS FROM THE NEW ISSUE

In connection with the Listing of the Company's shares on the Stock Exchange on 26 July 2001, the Group raised approximately HK$46 million, net of related expenses, of which approximately HK$23 million were applied as at 31 December 2001. During the year, the remaining net proceeds of approximately HK$23 million were partially applied as follows :

— as to approximately HK$5 million for the establishment of marketing offices in the PRC; and
— as to approximately HK$4 million for the promotion and marketing of the Group's products.

The balance of the proceeds of approximately HK$14 million, which was originally intended for the acquisition of production equipment and machinery for the manufacturing of carpet tiles, has been put on abeyance as the expansion of product range to carpet tiles and the corresponding investment in plant and machinery as a result of the intense competition in the market. These funds have been placed on short-term deposits with financial institutions in Hong Kong as at 31 December 2002.

The applications of the net proceeds from the issue of new shares are consistent with the plans set out in the prospectus of the Company dated 16 July 2001.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year 2002, the construction market in the PRC experienced a steady growth. Competition amongst the building materials suppliers was intense. Locally manufactured carpets faced stiff competition from imported carpets. In addition, around the middle of 2002, several key employees left the Group to start up a competing business. This has had an adverse impact on our business, but the Group took on these challenges head-on and has now emerged with new resolve and with fresh momentum going forward. The Group has also taken on board new blood to beef-up its Sales and Marketing teams with emphasis on the wholesale and special projects markets.

In reaction to competitive forces, the Group has had to reduce the selling prices of its carpets, particularly in the second half of the year. This has resulted in the overall decrease in gross profit.

On a positive note, the successful listing of the Group on the Stock Exchange provided positive market exposure of the Group's business in Hong Kong. During the year, sales to Hong Kong-based customers showed an increase despite the depressed market condition and economic climate experienced in Hong Kong in 2002.

Within the carpet industry, which remains our core business, the Group has established two more marketing representative offices in Fuzhou and Hainan in addition to those in Beijing, Guangzhou and Chengdu to strengthen the sales network of the Group. A series of marketing campaigns were launched during the year to enhance the brand name "Jackley" in the carpet industry in the PRC as well as to gain more market shares.

The Group, with a view to diversifying its source of revenue will continue to look at other business opportunities in both within and outside the building materials industry. Within the building materials industry, we have been exploring certain chain store concepts and retail business opportunities with a number of potential partners. Venturing beyond, the Group has in late 2002 invested in obtaining an Intellectual Property Rights to a health food product.

On 15 April 2003, the Group entered into a Subscription Agreement to allot 249,000,000 new shares at an issue price of HK$0.30 per share. The net proceeds from the Subscription is estimated to be HK$73.5 million, and will be used as general working capital of the Group. At the time of print, the Subscription is expected to be completed by June 2003.

LIQUIDITY, CHARGE ON ASSETS AND FINANCIAL RESOURCES

As at 31 December 2002, the Group had interest-bearing bank borrowings of approximately HK$82 million (31 December 2001: HK$10 million) and all bank borrowings were denominated in Hong Kong dollars. As at 31 December 2002, the Group's bank borrowings were secured by (i) first legal charges on the Group's leasehold land and buildings; (ii) corporate guarantees given by the Company and certain subsidiaries of the Company; and (iii) the pledge of time deposits of the Group amounted to HK$30 million.

As at 31 December 2002, all of the Group's bank borrowings were denominated in Hong Kong dollars. As a significant portion of the Group's sales and purchases were denominated in Hong Kong dollars and Renminbi, the Directors considered the Group has no significant exposure to foreign exchange fluctuations in view of the stability of the exchange rates of Hong Kong dollars and Renminbi. The Directors also consider that there will be sufficient cash resources denominated in Hong Kong dollars for the repayment of its bank borrowings. During the year under review, the Group did not use any hedging instrument.

As at 31 December 2002, the Group has total assets of approximately HK$283 million, total liabilities of HK$97 million, indicating a gearing ratio 0.34 (2001: 0.36) on the basis of total liabilities over total assets.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the balance sheet date (2001: Nil).

At 31 December 2002, the Company had provided corporate guarantees to banks for banking facilities provided to certain subsidiaries of approximately HK$97,447,000 (2001: HK$28,800,000). These banking facilities had been utilised to the extent of approximately HK$54,456,000 (2001: HK$10,039,000) as at the balance sheet date.

DISPOSAL OF A SUBSIDIARY

The management of the Group has rearranged the Group's internal resources during the year and this has resulted in the disposal of one subsidiary to an independent third party. Another company within the Group has taken up the business and operations of that subsidiary.

NUMBER AND REMUNERATION OF EMPLOYEES

The Group had a total of approximately 180 employees in Hong Kong and the PRC as at 31 December 2002. The Group paid remuneration to its staff at competitive levels and in line with industry practice. In addition, the Company has adopted a share option scheme of which the Board may, at its discretion, grant options to employees and suppliers of the Group. On 2 December 2002, the Company has granted 86,140,000 share options to the employees and suppliers of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company's shares were listed on the Stock Exchange on 26 July 2001. Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities since 26 July 2001.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 2 July 2003 to 8 July 2003, both dates inclusive, during which period no transfer of shares will be registered.

CODE OF BEST PRACTICE

In the opinion of the Directors of the Company, the Company has complied with the Code of Best Practice (the "Code") as set out in appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange since the listing of the Company's shares on the Stock Exchange on 26 July 2001.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the two independent non-executive directors of the Company.

FULL DETAILS OF FINANCIAL INFORMATION

The annual report of the Company, including the information required by paragraphs 45(1) to 45(3) of appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

On behalf of the Board
Lam Yat Sing
Chairman

Hong Kong, 6 June 2003

* *For identification propose only*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Jackley Holdings Limited (the "Company") will be held at Meeting Rooms 1 & 2, Business Center, PM/F, The Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Tuesday, 8 July 2003 at 9:30 a.m. for the following purposes:

1. To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31 December 2002;
2. To elect Directors and to authorise the Board of Directors to fix Directors' remuneration;
3. To appoint Auditors and to authorise the Board of Directors to fix Auditors' remuneration;
4. To consider as special business 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 defined below) of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;

   (b) the total nominal amount of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; 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 passed by the Company's shareholders in general meetings; or

   (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held.";

5. To consider as special business 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 defined below) of all the powers of the Company to issue, allot and deal with additional shares of the Company and to make or grant offers, agreements and options which would or might require shares to be allotted, issued or dealt with during or after the end of the Relevant Period (as defined below), be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to (i) a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares (subject 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 recognised regulatory body or any stock exchange in any territory outside Hong Kong) or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or any eligible grantee pursuant to the scheme of shares or rights to acquire shares of the Company, or (iii) any scrip dividend scheme 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 articles of association of the Company, the total nominal amount of additional shares to be issued, allotted, dealt with or agreed conditionally or unconditionally to be issued, allotted or dealt with shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and

   (b) 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 passed by the Company's shareholders in general meetings; or

   (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held.";

6. To consider as special business 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 pursuant to resolution numbered 5 above 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 total nominal amount of shares in the capital of the Company repurchased by the Company pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such shares since the granting of such general mandate referred to in the above resolution numbered 4, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue as at the date of passing of this resolution."; and

7. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

   "THAT subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares to be issued pursuant to the exercise of any options granted under the share option scheme ("Share Option Scheme") of the Company adopted pursuant to the resolution of the shareholders of the Company passed on 6 June 2002, the existing scheme mandate limit under the Share Option Scheme be refreshed so that the aggregate nominal amount of share capital of the Company to be allotted and issued pursuant to the grant or exercise of any options under the Share Option Scheme and any other schemes of the Company (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme and any other schemes of the Company) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution ("Refreshed Limit") and that the directors of the Company be and are hereby authorised to grant options up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.".

On behalf of the Board
Lam Yat Sing
Chairman

Hong Kong, 6 June 2003

Notes:

1. A member of the Company who is entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company but must attend in person to represent the member. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.
3. In order to be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority, must be deposited with the Company's Branch Share Registrar in Hong Kong, Tengis Limited at G/F, 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, or any adjournment thereof.
4. The Register of Members of the Company will be closed from Wednesday, 2 July 2003 to Tuesday, 8 July 2003 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the Meeting convened by the above notice, all transfers accompanied by the relevant share certificate and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong. Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 30 June 2003.
5. An explanatory statement containing further details on Resolutions 4 to 7 above will be sent to members of the Company together with the Annual Report for the year ended 31 December 2002.