



SUN EAST TECHNOLOGY (HOLDINGS) LIMITED

日東科技(控股)有限公司*

(incorporated in Bermuda with limited liability)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2003

ANNUAL RESULTS

The Board of directors (the “Directors”) of Sun East Technology (Holdings) Limited (the “Company”) and together with its subsidiaries (the “Group”) are pleased to announce the audited consolidated results of the Group for the year ended 31 March 2003 together with comparative figures for the previous corresponding year as follows:

		2003	2002
	Notes	HKS'000	HKS'000 (Restated)
TURNOVER	2		
Continuing operations		362,505	303,729
Discontinued operations	6	139,567	190,737
		502,072	494,466
Cost of sales		(447,901)	(380,644)
Gross profit		54,171	113,822
Other revenue		2,066	3,480
Selling and distribution costs		(31,017)	(21,940)
General and administrative expenses		(53,536)	(41,319)
Other operating expenses		(14,733)	(18,687)
Gain on disposal of discontinued operations	6	379	–
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	3	(42,670)	35,356
Finance costs	4	(1,976)	(1,586)
PROFIT/(LOSS) BEFORE TAX			
Continuing operations		(18,449)	33,092
Discontinued operations	6	(26,197)	678
		(44,646)	33,770
TAX	5		
Continuing operations		(890)	(6,718)
Discontinued operations	6	(680)	–
		(1,570)	(6,718)
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(46,216)	27,052
EARNINGS/(LOSS) PER SHARE	7		
– Basic		HK (14.81 cents)	HK8.67 cents
– Diluted		N/A	N/A

Notes:

1. Adoption of new and revised Hong Kong Statements of Standard Accounting Practice (“SSAPs”)

The following new and revised SSAPs applicable to the Group 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”

Details of the impact of those new and revised SSAPs on the financial statements of the Group are set out in the annual report.

2. Turnover and segment results

(a) Business segments

The following table presents revenue and results for the Group’s business segments.

Group	Continuing operations				Discontinued operations				Consolidated	
	Production lines and production equipment		Brand name production equipment		Consumer products		Sub-contracting services		2003	2002
	2003	2002	2003	2002	2003	2002	2003	2002		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Segment revenue:										
Sales to external customers	288,778	245,223	73,727	58,506	119,970	143,867	19,597	46,870	502,072	494,466
Other revenue										
– external	448	69	–	–	–	–	–	–	448	69
Total	289,226	245,292	73,727	58,506	119,970	143,867	19,597	46,870	502,520	494,535
Segment results	(25,775)	23,318	9,372	8,682	(11,080)	(243)	(14,541)	1,773	(42,024)	33,530
Interest and unallocated income									1,997	3,411
Unallocated expenses									(2,643)	(1,585)
Profit/(loss) from operating activities									(42,670)	35,356
Finance costs									(1,976)	(1,586)
Profit/(loss) before tax									(44,646)	33,770
Tax									(1,570)	(6,718)
Net Profit/(loss) from ordinary activities attributable to shareholders									(46,216)	27,052

(b) Geographical segments

The following table presents revenue for the Group’s geographical segments.

Group	Hong Kong		PRC		European Union		Others		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Segment revenue:										
Sales to external customers	97,195	95,075	284,096	284,694	96,141	91,439	24,640	23,258	502,072	494,466

3. Profit/(loss) from operating activities

The Group’s profit/(loss) from operating activities is arrived at after charging/(crediting):

	Group	
	2003	2002
	HKS'000	HKS'000
Cost of inventories sold	433,057	351,906
Cost of services provided	14,682	27,674
Auditors’ remuneration	720	980
Depreciation	25,562	16,780
Minimum lease payments under operating leases:		
Land and buildings	3,715	5,949
Machinery	293	290
Staff costs (excluding directors’ remuneration)		
Wages and salaries	58,379	46,260
Pension scheme contributions	770	466
	59,149	46,726
Less: Amount included in research and development costs	(715)	(1,079)
	58,434	45,647
Amortisation of technical know-how*	5,134	–
Research and development costs	2,355	2,789
Deficit on revaluation of investment property	130	250
Deficit on revaluation of leasehold land and buildings	34	5
Provision for doubtful debts	14,486	4,129
Provision for slow-moving inventories	1,893	1,198
Loss/(gain) on disposal of fixed assets	83	(28)
Loss on write off of fixed assets	–	2,750
Loss on write off of temporary structures	–	11,709
Exchange losses, net	888	502
Interest income	(622)	(2,297)
Gross and net rental income	(84)	(84)

* The amortisation of technical know-how for the year is included in “Cost of sales” on the face of the consolidated profit and loss account.

As at 31 March 2003, the Group had no forfeited contributions available to offset its employer contributions to the pension scheme in future years (2002: Nil).

4. Finance cost

	Group	
	2003	2002
	HKS'000	HKS'000
Interest on bank loans and overdrafts wholly repayable within five years	1,694	1,398
Interest on finance leases	282	188
	1,976	1,586

5. Tax

	Group	
	2003	2002
	HKS'000	HKS'000
Group:		
Hong Kong	–	805
Elsewhere	2,868	5,908
Under/(over) provision in the prior years	(1,978)	5
Deferred	680	–
Tax charge for the year	1,570	6,718

Hong Kong profits tax has not been provided for the year as the Group did not generate any assessable profits in Hong Kong during the year. For the year ended 31 March 2002, Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits arising in Hong Kong during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6. Discontinued operations

During the year, the Group decided to focus its operations on the development of the production lines and production equipment, and brand name production equipment business. Accordingly, on 17 March 2003, the Group disposed of its entire 100% equity interest in Pro-Tech Industries Corp. (“Pro-Tech”), a wholly-owned subsidiary of the Company engaged in manufacturing and sub-contracting services of consumer electric products business, to two independent parties (the “Buyers”), at a total consideration of HK\$16,650,000 (the “Total Consideration”). Each of the Buyers acquired a 50% equity interest in Pro-Tech at a consideration of HK\$8,325,000 each. Upon completion of the disposal of Pro-Tech (the “Disposal”), the Group discontinued its manufacturing and sub-contracting services of consumer electric products business.

As at the date of the Disposal and as at 31 January 2003, Pro-Tech was indebted to the Company in the amount of approximately HK\$16,686,000 (the “Loan”). In connection with the Disposal, on 17 March 2003, the Company entered into a deed of assignment with the Buyers and Pro-Tech, in which the Company agreed to assign the Loan to the Buyers. Each of the Buyers also entered into a deed of share charge with the Group and Pro-Tech, pursuant to which each of them undertook to the Group to charge their respective shares of Pro-Tech acquired from the Group by way of first fixed charge as continuing security for the outstanding amount of the Total Consideration.

The Total Consideration was determined with reference to the net liabilities of Pro-Tech as at 31 January 2003. The Total Consideration was payable to the Group by way of an initial payment of HK\$2,000,000, with the remaining balances by 20 monthly instalments during the period from 31 March 2003 to 31 October 2004. As at the balance sheet date, HK\$2,500,000 out of the Total Consideration was repaid by the Buyers with the remaining outstanding instalment payments of the Total Consideration falling due as follows:

	31 March 2003 HKS'000
Within one year	7,200
In the second year	6,950
	14,150

As at the date of these financial statements, HK\$4,000,000 out of the Total Consideration was settled according to the aforementioned schedule.

The effective date of the Disposal of Pro-Tech was 17 March 2003.

Due to the Disposal as mentioned above, the prior year comparative amounts for the following items have been reclassified to include the financial results of Pro-Tech for the year ended 31 March 2002 so as to conform with the current year's presentation.

- “Turnover for discontinued operations”, “Profit/(loss) before tax for discontinued operations” and “Tax for discontinued operations” as shown on the consolidated profit and loss account.

The turnover, other revenue, expenses and results of the electrical consumer products business of Pro-Tech, which contained the business segments of consumer products and subcontracting services, included in the Group’s consolidated profit and loss account for the two years ended 31 March 2003 are as follows:

	Consumer products		Sub-contracting services		Total	
	Period from 1 April 2002 to 17 March 2003 <i>HKS'000</i>	Year ended 31 March 2002 <i>HKS'000</i>	Period from 1 April 2002 to 17 March 2003 <i>HKS'000</i>	Year ended 31 March 2002 <i>HKS'000</i>	Period from 1 April 2002 to 17 March 2003 <i>HKS'000</i>	Year ended 31 March 2002 <i>HKS'000</i>
TURNOVER	119,970	143,867	19,597	46,870	139,567	190,737
Cost of sales	(117,300)	(137,017)	(14,682)	(26,725)	(131,982)	(163,742)
Gross profit	2,670	6,850	4,915	20,145	7,585	26,995
Selling and distribution costs	(1,593)	(1,553)	(11,075)	(5,295)	(12,668)	(6,848)
General and administrative expenses	(6,788)	(5,540)	(8,381)	(13,077)	(15,169)	(18,617)
Other operating expenses	(5,369)	–	–	–	(5,369)	–
Segment results	(11,080)	(243)	(14,541)	1,773	(25,621)	1,530
Interest and unallocated income					309	487
Unallocated expenses					(191)	(172)
Gain on disposal of discontinued operations					379	–
Profit/(loss) from operating activities					(25,124)	1,845
Finance costs					(1,073)	(1,167)
Profit/(loss) before tax					(26,197)	678
Tax					(680)	–
Net profit/(loss) from ordinary activities attributable to shareholders					(26,877)	678

The carrying amounts of the total assets and liabilities relating to the discontinued operations are as follows:

	Consumer products		Sub-contracting services		Total	
	17 March 2003 <i>HKS'000</i>	31 March 2002 <i>HKS'000</i>	17 March 2003 <i>HKS'000</i>	31 March 2002 <i>HKS'000</i>	17 March 2003 <i>HKS'000</i>	31 March 2002 <i>HKS'000</i>
Segment assets	21,774	27,550	40,085	60,778	61,859	88,328
Unallocated assets					2,953	10,186
Total assets					64,812	98,514
Segment liabilities	(24,866)	(25,640)	(1,170)	(1,951)	(26,036)	(27,591)
Unallocated liabilities					(39,191)	(44,082)
Total liabilities					(65,227)	(71,673)
Net assets/(liabilities)					(415)	26,841

The gain on disposal of the discontinued operations of approximately HK\$379,000 related to the disposal of the business of the manufacturing and subcontracting services of consumer electric products. There was no tax arising from the disposal.

7. Earnings/(loss) per share

The calculation of basic loss per share is based on the net loss attributable to shareholders for the year of approximately HK\$46,216,000 (2002: net profit of HK\$27,052,000) and the weighted average of 312,000,000 (2002: 312,000,000) shares in issue during the year.

No diluted earnings per share for both current and prior years has been calculated as no diluting events existed during these years.

DIVIDEND

The Board does not recommend any final dividend for this financial year (2002: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

Summary of the financial results of the Group for the year ended 31 March 2003 are as follows:

- Turnover was approximately HK\$502 million (2002: HK\$494 million), represented a increase of approximately 1.6%.
- Loss before tax was approximately HK\$45 million (2002: profit before tax of HK\$34 million).
- Net loss from ordinary activities attributable to shareholders was approximately HK\$46 million (2002: net profit from ordinary activities attributable to shareholders of HK\$27 million).
- Basic loss per share was approximately HK14.81 cents, (2002: basic earnings per share of HK8.67 cents).

Liquidity and Capital Structure

As at 31 March 2003, the Group had net current assets of HK\$43 million (2002: HK\$53 million) mainly comprising prepayments, deposits and other receivables of approximately HK\$11 million (2002: HK\$4 million), inventories of approximately HK\$49 million (2002: HK\$58 million) and trade receivables of approximately HK\$57 million (2002: HK\$81 million). The Group had current liabilities of approximately HK\$119 million (2002: HK\$157 million). The current ratio increased from approximately 1.3 as at 31 March 2002 to 1.4 as at 31 March 2003.

At 31 March 2003, the Group had total assets of approximately HK\$349 million (2002: HK\$415 million) and total liabilities of approximately HK\$144 million (2002: HK\$165 million). The gearing ratio calculated as a percentage of long term debt to equity was 11% (2002: 2%).

Financial Resources

At 31 March 2003, the Group had floating interest-bearing bank borrowings of approximately HK\$28 million (2002: HK\$20 million) and HK\$9 million of which are denominated in Hong Kong dollars. The Group’s bank borrowings are all repayable within five years. At 31 March 2003, the Group’s bank borrowings were secured by (i) first legal charges on certain of the Group’s leasehold land and buildings and its investment property located in Hong Kong; (ii) guarantees provided by the Company.

As a significant portion of the Group’s sales and purchases are denominated in Hong Kong dollars and Renminbi, in view of the stability of the exchange rate of Hong Kong dollars and Renminbi, the directors consider that the Group has no significant exposure to foreign exchange fluctuation. During the year, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding as at 31 March 2003.

At 31 March 2003, cash and bank balance amounted to approximately HK\$46 million (2002: approximately HK\$68 million), of which approximately HK\$17 million (2002: approximately HK\$14 million) are denominated in Renminbi and the majority of the remaining balances are denominated in Hong Kong dollars.

Contingent Liabilities

As at the balance sheet date, the Company has outstanding guarantees given to banks to secure general banking facilities granted to the Group in the amount of approximately HK\$107 million (2002: HK\$86 million), out of which approximately HK\$59 million (2002: HK\$6 million) had been utilized by the Group at the balance sheet date.

The Group did not have any significant contingent liabilities at the balance sheet date (2002: Nil).

Capital commitment

As at 31 March 2003, the Group had capital commitment of approximately HK\$974,000 (2002: approximately HK\$4,854,000) and HK\$4,500,000 (2002: Nil) in respect of acquisition of fixed assets and equity injections to its PRC subsidiaries respectively.

Acquisition of a subsidiary

On 22 August 2002, the Group acquired a 100% equity interest in Eastern Century Speed Inc. (“Eastern Century”) from an independent third party. Eastern Century is engaged in the development of an electrical interconnection technique. The purchase consideration for the acquisition of Eastern Century (the “Acquisition”) was in the form of cash of HK\$28,000,000. The intangible assets of Eastern Century were valued by Castores Magi Surveyors Limited on the “fair market value” in continued use basis with a valuation of HK\$28,000,000.

Since the Acquisition, the technical know-how was utilised by the Group in its production lines and production equipment business.

BUSINESS REVIEW AND OUTLOOK

For the year under review, the Group registered loss for the first time since the listing of its shares, which was due to the unsatisfactory performance of a subsidiary which was engaged in the consumer products business and subcontract processing, and also due to the general downturn of global economy.

In view of this, the Group adopted a number of adjustments and changes in a bid to propel the Group into the growth path. One of these measures was the disposal of the loss making subsidiary, Pro-Tech, which dragged the Group’s results into red ink and had gloomy outlook. Pro-Tech was engaged in the consumer products business and subcontract processing service.

On the other hand, as a further step of diversification, during the year the Group acquired a wholly-owned subsidiary, Eastern Century which is engaged in the development of electrical interconnection technique. The Group believed that, through acquisition such technology for commercialisation and with further resources deployed in marketing, the finished products produced by the precision wire solder technology

will capture a certain share in the precision wire solder machinery market and improve the profit margin of the Group in the future.

In addition, to speed up the pace of developing overseas markets, the Group has, subsequent to the balance sheet date, cooperated with Sanki Trading Co., Ltd. to jointly incorporate in Hong Kong a company called Sun East Sanki Co., Limited, which will be principally engaged in the automobile production line and automobile production facilities business, with target customers being certain automobile manufacturers in Japan. We believe that, through such co-operation and with the experience of Sanki Trading Co., Ltd. in the Japanese market, the Group will be gradually developing its business in the Japanese market in the short-term, thereby creating a definitive and positive effect on the results of the Group in the future.

We believed that under the current business environment it is important to have the right and focused application of resources and quick response to market changes, in addition to effective cost control and market exploration efforts. Internal management will be strengthened by implementing an accountability system which is aimed at raising working moral and encouraging the staff to focus their efforts on the development of the core business of the manufacture and distribution of production lines. Resources will be concentrated on higher profit margin items. The Directors believed that the above adjustments and changes will be beneficial to the improvement of the Group's future performance.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2003, the Group employed approximately 1,350 full time employees of which approximately 1,300 were in the PRC and approximately 50 were in the Hong Kong office.

The Group remunerates its employees based on industry’s practice. In the PRC, the Group provides staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, the Group provide provides staff benefits including medical scheme, pension scheme and performance related bonuses.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, 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 on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), throughout the year, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company’s bye-laws.

AUDIT COMMITTEE

The Company has an audit committee (the “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 Committee comprises the two independent non-executive directors of the Company. The Group’s financial statements for the year ended 31 March 2003 have been reviewed by the Committee. The Committee is of the opinion that these statements comply with the applicable accounting standards, and The Stock Exchange of Hong Kong Limited and legal requirements, and that adequate disclosures have been made.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All information required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkex-com.hk>) in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank all my fellow directors and staff for their invaluable contribution and support to the Group for the past years

By Order of the Board of Directors
Sun East Technology (Holdings) Limited
But Tin Hing
Chairman

Hong Kong, 29 July 2003

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the members of Sun East Technology (Holdings) Limited (the "Company") will be held at Salon 6, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 29th August 2003 at 4:00 p.m. for the following purposes:-

1. to receive and consider the audited consolidated financial statements and the reports of the directors and auditors of the Company for the year ended 31st March 2003;
2. to re-elect directors and to authorise the board of directors to fix their remuneration;
3. to appoint auditors and to authorise the board of directors to fix their remuneration;
4. to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:-

"THAT

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as defined below) 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;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally and unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any option under the share option scheme of the Company or any other 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 other eligible persons of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on the shares of the Company in accordance with the bye-laws of the Company (the "Bye-laws") in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution: "Relevant Period" means the period from the date of 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 expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; and
 - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

"Rights Issue" means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their then holdings of such 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 the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

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

"THAT

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or 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 Stock Exchange for this purpose, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company authorised to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution and the authority pursuant to paragraph (a) above 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 earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; and
 - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

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

"THAT conditional upon resolutions nos. 4 and 5 (as set out in the notice convening this meeting of which this resolution forms part) being passed, the aggregate nominal amount of shares in the share capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no. 5 (as set out in the notice convening this meeting) shall be added to the aggregate nominal amount of share capital that may be allowed or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the resolution no. 4 (as set out in the notice convening this meeting), provided that the amount of share capital repurchased by the Company shall not exceed 10 per cent. of the total nominal amount of share capital of the Company in issue on the date of passing this resolution."

By Order of the Board
Tse Ka Yi
Company Secretary

Hong Kong 29 July 2003

Notes:

1. A member entitled to attend and vote in the meeting concerned by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. In order to be valid, this form of proxy must be deposited with the Company's branch share and transfer office, Tengis Limited at 28/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or notorially certified copy of that power of attorney or authority, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
2. The register of members of the Company will be closed from 27th August 2003 to 29th August 2003, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the right to attend and vote at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share and transfer office in Hong Kong, Tengis Limited at 28/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. 26th August 2003.