



LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with limited liability)

Website: www.lukfook.com.hk www.infocast.com.hk/listco/lukfook
(Stock Code: 590)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2005

RESULTS

	Notes	2005 HK\$'000	2004 HK\$'000
Turnover	2	1,961,720	1,598,123
Cost of sales		(1,545,748)	(1,252,232)
Gross profit		415,972	345,891
Other revenues	2	23,080	20,239
Selling and distribution costs		(273,874)	(240,472)
Administrative expenses		(33,927)	(28,233)
Other operating expenses		(3,977)	(4,550)
Gain on disposal of properties		25,449	-
Operating profit	3	152,723	92,875
Finance costs		(425)	(7)
Profit before taxation		152,298	92,868
Taxation	4	(25,146)	(14,796)
Profit after taxation		127,152	78,072
Minority interests		(1,164)	(1,107)
Profit attributable to shareholders		125,988	76,965
Dividends		58,254	33,667
Earnings per share	5		
Basic		HK26.1 cents	HK16.1 cents
Diluted		HK25.8 cents	HK15.8 cents

Notes:

- Basis of preparation**
The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounts have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings.
The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these new HKFRSs in the accounts for the year ended 31st March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

- Revenue, turnover and segment information**

	2005 HK\$'000	2004 HK\$'000
Turnover		
Sale of goods	1,961,720	1,598,123
Other revenues		
Services income	12,759	9,936
Consultancy fee income	5,729	4,770
Interest income	95	169
Commission income	75	633
Others	4,422	4,731
	23,080	20,239
Total revenues	1,984,800	1,618,362

Primary reporting format – business segments

The Group is organised mainly in Hong Kong into two major business segments:

- Retailing of jewellery
- Manufacturing and wholesaling of jewellery

Other operations of the Group mainly comprise securities broking and investments, and services relating to internet and software development.

	Retailing		Manufacturing and wholesaling		Other operations		Eliminations		Group	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Sales to external customers	1,835,371	1,502,946	124,231	94,760	2,118	417	-	-	1,961,720	1,598,123
Inter-segment sales	44,167	14,617	454,993	359,644	-	79	(499,160)	(374,340)	-	-
Other revenues from external customers	404	874	20,001	13,835	2,167	4,333	-	-	22,572	19,042
Inter-segment other revenues	-	-	-	-	1,104	2,494	(1,104)	(2,494)	-	-
Total	1,879,942	1,518,437	599,225	468,239	5,389	7,323	(500,264)	(376,834)	1,984,292	1,617,165
Segment results	117,326	87,127	45,656	39,204	(2,558)	(4,811)	(3,271)	(5,334)	157,153	116,186
Interest income	-	-	-	-	-	-	-	-	95	169
Unallocated costs	-	-	-	-	-	-	-	-	(29,974)	(23,480)
Gain on disposal of properties	16,537	-	-	-	8,912	-	-	-	25,449	-
Operating profit	-	-	-	-	-	-	-	-	152,723	92,875
Finance costs	-	-	-	-	-	-	-	-	(425)	(7)
Profit before taxation	-	-	-	-	-	-	-	-	152,298	92,868
Taxation	-	-	-	-	-	-	-	-	(25,146)	(14,796)
Profit after taxation	-	-	-	-	-	-	-	-	127,152	78,072
Minority interests	-	-	-	-	-	-	-	-	(1,164)	(1,107)
Profit attributable to shareholders	-	-	-	-	-	-	-	-	125,988	76,965
Depreciation – allocated	5,846	6,857	3,038	1,633	717	762	-	-	9,601	9,252
– unallocated	-	-	-	-	-	-	-	-	3,007	3,013
	-	-	-	-	-	-	-	-	12,608	12,265
Surplus on revaluation of land and buildings	-	-	-	-	-	-	-	-	-	-
– allocated	-	-	-	-	(191)	-	-	-	(191)	-
– unallocated	-	-	-	-	-	-	-	-	(673)	(1,835)
	-	-	-	-	-	-	-	-	(864)	(1,835)

Secondary reporting format – geographical segments

No geographical analysis is presented as over 90% of the Group's revenue and results are derived from activities in Hong Kong during the two years ended 31st March 2004 and 2005.

- Operating profit**

Operating profit is stated after crediting and charging the following:

	2005 HK\$'000	2004 HK\$'000
Crediting		
Surplus on revaluation of land and buildings	864	1,835
Write back of provision for slow-moving inventories	385	-
Charging		
Auditors' remuneration	2,433	1,786
Cost of inventories sold	1,546,133	1,251,980
Depreciation of fixed assets	12,608	12,265
Loss on disposal of other fixed assets	1,562	620
Operating lease rentals in respect of land and buildings	67,135	52,400
Provision for slow-moving inventories	-	252
Provision for impairment of other investment	1,073	-
Retirement benefit costs included in staff costs	5,410	4,595
Staff costs (including directors' emoluments)	142,344	124,982

- Taxation**

The amount of taxation charged to the consolidated profit and loss account represents:

	2005 HK\$'000	2004 HK\$'000
Hong Kong profits tax	21,226	15,921
Overseas taxation	2,633	1,019
Over-provision in prior years	(1,305)	(1,399)
Deferred taxation	2,592	(745)
	25,146	14,796

Hong Kong profits tax has been provided for at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

- Earnings per share**

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$125,988,000 (2004: HK\$76,965,000) and the weighted average number of 482,591,036 (2004: 478,399,954) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the Group's profit attributable to shareholders of HK\$125,988,000 (2004: HK\$76,965,000) and the weighted average number of 488,342,001 (2004: 486,558,652) ordinary shares in issue during the year after adjusting for the effects of all potential dilutive ordinary shares deemed to be issued at no consideration if all outstanding share options granted under the share option scheme of the Company had been exercised.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Directors proposed a final dividend of HK 6 cents per share (2004: HK 5 cents per share) and a special dividend of HK 2 cents per share (2004: Nil) for the year ended 31st March 2005. Together with the interim dividend of HK 4 cents per share already paid, a total of HK 12 cents per share were declared for the year ended 31st March 2005 (2004: HK 7 cents per share).

OPERATION REVIEW

Management

During the year under review, the Group relocated its head office to a premier intelligent commercial complex at the business center of Kwun Tong, Hong Kong in order to prepare for further expansion. Moreover, to comply with the Code Provisions of the Code on Corporate Governance Practices (the "Code") newly included in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Mr. LO Mun Lam, Raymond was appointed as Chairman of the Board with effect from 12th April 2005. And myself, the former Chairman & Chief Executive, has been re-designated as the Chief Executive.

Gold and Jewellery Operation

At present, the Group has 28 retail outlets under the brand name of Luk Fook and 4 outlets under the brand name of Ice g. throughout Hong Kong, Macau, Canada and the PRC. During the year under review, the Group opened 2 retail outlets in the PRC under the Brand name of Luk Fook, whereas the number of licensee shops of the Group in the PRC had rapidly grown to over 145 during the year under review.

The Group's subsidiary gems laboratory, "China Gems Laboratory Limited", has successfully attained the ISO17025 qualification. Being the first jeweler in Hong Kong accredited with the honour, it is an acknowledgement of Luk Fook's professional authentication system and techniques. The quality control of the Group and customer assurance has thereby both been enhanced.

Brand management is the Group's key in its globalization strategy. The Group insists on providing high quality services and innovative products, and actively promotes its brand name to establish Luk Fook Jewellery as the Jeweller brand name for domestic and overseas consumers. In January 2005, the Chinese Manufacturers' Association of Hong Kong awarded the Group with the "Hong Kong Top Brand Awards 2004". Only a total of 10 brand names were recognized with the honor, and Luk Fook was the only accredited jeweler in 2004.

PRC Market

The continuous growth of the PRC economy boosted the demand for luxury products. It is expected to create enormous business opportunities for the jewellery industry. In anticipation of this trend, the Group has been actively developing the PRC market. To balance cost effectiveness and production efficiency, the Group has achieved a certain degree of vertical integration by producing a portion of its gold ornaments and gem-set jewellery in its production facilities in the PRC. The production capacity is further incremented with a newly built manufacturing plant situated on a site area of about 350,000 sq. ft. in Panyu, Guangdong, and with a total investment of approximately HK\$75 million. The new plant has commenced operation in the fourth quarter of 2004, and is targeted to triple the previous production capacity.

In September 2004, the Group opened its retail outlet at Guangzhou Baiyun International Airport, and in January 2005, the Group opened its second outlet in Beijing. During the year under review, the Group provided technical support, product design, and staff training service to over 145 licensees of Luk Fook Jewellery brand in 59 cities in the PRC.

As further demonstration of the Group's market position in the PRC, for the year under review, the Group was awarded with the title of "Sincere Trademark of Hong Kong" and "My Most Favorite Top 10 Brands of Hong Kong", organized by the reputable Guangzhou Daily in China.

Portal Operation

The Group's jewellery portal was developed to provide an electronic gateway for the global jewellery industry. It not only serves as a business-to-business trading platform among jewellery manufacturers, wholesalers and retailers around the world for streamlining their operation procedures, it also offers an easy and convenient way for consumers to purchase jewellery online. The Group believes that viewing samples and purchasing jewellery through the Internet would become a trend and has huge business potential.

Prospects

The Group will continue its globalization strategy by upgrading Luk Fook's international brand name and identifying more potential retail outlets of overseas market, to further enhance the Group's exposure and broaden its client base.

Hong Kong Market

Looking forward, the Group is optimistic about the Hong Kong economy. From a macro perspective, the Hong Kong economy will be undergoing a strong upturn and the GDP growth has reached 6% in the first quarter of 2005, which provides a favorable environment for the growth of the Hong Kong retail market.

With the implementation of "Individual Visit Scheme" and other favourable traveling policies issued by the Chinese Government, the consumption spending of Mainland China visitors will further stimulate the Hong Kong economy.

Moreover, the opening of Hong Kong Disneyland in September 2005 is a most anticipated event in Hong Kong. It will undoubtedly attract a surge of tourists from the PRC and Southeast Asia, which will contribute to many business opportunities to the Group. In order to meet such market needs, the Group will continue to expand its business by seeking more prime locations to open new retail outlets, and to hire more trained and experienced staff.

The Group will continue to strengthen its brand and corporate image. In June 2005, the Group joined the elite membership of "Superbrands", further promoting the Group's brand and exposure through the international series publication of "Superbrands" books.

Meanwhile, the Group will further promote the Ice g. collection and endeavor to build a brand recognizable by young consumers, through a strategy of offering affordable but chic, stylish accessories and jewellery.

PRC Market

According to the Hong Kong Trade Development Council, the sales of jewellery recorded an annual growth rate of 15.7% in the PRC market. The jewellery market is expected to reach RMB150 billion in the year 2010. The Hong Kong Tourism Board estimated that jewellery represented 18% of tourist expenditure in 2003. Just considering the spending of mainland tourists, the proportion was 24%.

Presently, the number of the Group's licensee shop in the PRC is already over 145. Also, by leveraging on its strong production support in Panyu and the PRC, the Group plans to explore wholesale business opportunities in the foreseeable future.

Macau Market

With simplified traveling procedures, the opening up of the gambling industry, as well as several development projects in progress, Macau has established itself as a tourist hot spot for mainland visitors. Leveraging on Macau's boom and the satisfactory performance of its first retail outlet there, the Group will open its second retail outlet in Macau in August 2005, thereby establishing itself for further development in the Macau market.

Overseas Market

The Group has successfully penetrated into the overseas market. Following its achievements in the Canadian market, the Group plans to open retail outlets in New York, Las Vegas and Southeast Asia in the future, thereby attracting more overseas clients and to upgrade Luk Fook as a global brand.

MANAGEMENT DISCUSSION AND ANALYSIS**Industry Review**

During the year under review, the significant upturn of the Hong Kong economy and drop in unemployment rate had boosted the shopping sentiment of consumers in Hong Kong, creating a favourable consumer environment as a whole. Also, the “Individual Visit Scheme” issued by the Chinese government continue to play its role as a major driving force in the jewellery industry. In addition, the acceptance of the RMB union Pay Card by mainland visitors in Hong Kong allows them to indulge in shopping with ease and convenience. The retail market of both the Lunar New Year Holidays and Golden Week are thereby significantly boosted. Jewellery is at an all time favorite with mainland tourists, and its demand has presented enormous business opportunities, as well as a competitive challenge to the jewellery industry.

Review of 2004/2005 Business Strategies

Strategic expansion plan in Hong Kong, PRC, Macau and overseas markets is the key for the sustainability of the Group’s overall profitability. Besides choosing prime locations such as Central, Causeway Bay, and Tsim Sha Tsui, the Group has opened an outlet at the Hong Kong International Airport, to strengthen its international brand image. Furthermore, the Group currently has three retail outlets in Canada, and two retail outlets in the PRC located at the Guangzhou Baiyun International Airport and at the largest jewellery center in Beijing. To reflect its growth, the number of licensee shops of the Group in the PRC has increased to over 145 retail outlets.

Gold and Jewellery Operation

During the year under review, the Group launched various new products include:

- “Love Declaration Diamond Series” was the fusion of the resplendence of diamond and forever promise of DTC Forevermark. Products include pendant and rings encrusted with 0.3 carat or above Forevermarked diamond
- “Temptation Series” was launched during the Labour Day Golden Week, which includes various designs of pendants, earrings and rings made up of 18K platinum with diamond. The elegant yet simple design brings out the irresistible charm of the piece
- To match up with the promotion for the year of rooster, pure gold electroformed mini rooster display were produced with the theme of “Wealth and Prosperity”
- Lovers’ rings from Ice e.g. specially designed for Valentine’s Day. Each ring comprised exquisite round-shaped and square-shaped diamonds. The trendy and simple design collection created romantic atmosphere for lovers
- Pearl and jade jewellery “Mother You Are The Best” collection especially designed for Mother’s Day
- To meet the market’s demand, a series of Titanium Steel Jewellery were produced especially for men

Innovative designs

The Group’s designs received numerous awards and recognition in both local and overseas design competitions, including:

- *The 6th Hong Kong Jewellery Design Competition*
“Best of Show” Award – “Sixty”
Ring Category: Merit Award – “Water-nymph”
- *The Fifth International South Sea Pearl Jewellery Design Competition*
Bracelet Category: Silver Award – “Wave”
- *International Design Competition for Trendy Jadeite Jewellery*
Product Division: Premier Award – “Layers”
Product Division: Gold Medal Award – “Cube”
Product Division: Silver Medal Award – “Shiny Face”
- *The 6th Buyers’ Favourite Jewelry Design Competition*
“Best of the Best” Award – “Never-ending”
Earrings Category: Gold Prize – “Never-ending”
Free Style Design: Gold Prize – “Contact”
Earrings Category: Silver Prize – “Meteor”
Ring Category: Silver Prize – “Fire Diamond”
Bracelet Category: Bronze Prize – “Gyration”
Necklace Category: Bronze Prize – “Wishes”

Brand Building

Branding is undoubtedly important for the long-term development of the Group. The Group dedicates to promote its trade name of “Luk Fook Jewellery” in Hong Kong, the PRC, and overseas markets.

During the year, the Group has been accredited with the “Hong Kong Top Brand Awards 2004” which was organized by the Chinese Manufacturers’ Association of Hong Kong. There are a total of 10 brand names accredited and Luk Fook Jewellery is the only accredited jeweler in 2004. Also, the Group was awarded the title of “Sincere Trademark of Hong Kong” and “My Most Favorite Top 10 Brands of Hong Kong” in the second annual event held by Guangzhou Daily in China. The Group is very proud to be recognized by both the communities of Hong Kong and China, which lay the foundation for the internationalization of the Luk Fook brand name.

Moreover, the Group has been honoured with two trophies, namely “Most Innovative Marketing Award” and “Excellent Service Award”, at DTC Forevermark Appraisal Day organized by the Diamond Trading Company (DTC), which demonstrate the marketing capability and service quality commitment of Luk Fook.

The Group also organized and participated in numerous promotional activities, including:

- “Love Declaration writing competition” was held to match up with the DTC Forevermark “Love Declaration” Diamond promotional activities
- “Love on Fire” Ring Series were produced during Valentine’s Day Promotion. And CD and VCD of Leon Lai were given out with the co-operation of the entertainment group
- Promoting by giving out “Lucky Package” and “Luk Fook Travel Kit” during the Chinese New Year and Labour Day Golden Week

- Holding large scale promotional activities on important days such as Mother’s Day, Christmas, Chinese New Year and Valentine’s Day
- TV advertisement and special series were broadcasted on major TV Channels

Quality Assurance

With its subsidiary gems laboratory namely “China Gems Laboratory Limited”, operated by four certified gemologists who specialize in the authentication of gemstones and jades, the quality of gemstones is ensured before being sold to the customers. In recent years, the Group has introduced advanced equipments for the testing and issuance of certificates for diamonds and gemstone jewellery. The laboratory had tested and issued quality certificates for over 100,000 pieces of jade products and has successfully attained the ISO17025 qualification. Being the first jeweller in Hong Kong has such honour, it revealed that Luk Fook’s professional authentication system has been recognized.

Cost Control

The rental costs represent an insignificant 3.4% of the Group’s turnover. The Group will continue to obtain favorable rates from landlords this year. Negotiations with other landlords on rental issues are in active progress. Advertising and promotion expenditures represent approximately 1.3% of the turnover.

Portal Operation

The Group believes that jewelers around the world will use the jewellery portal more frequently to view samples and purchase jewellery in order to streamline their operation procedures. It undoubtedly represents significant business potential for the Group’s jewellery portal.

Liquidity and Financial Resources

The Group’s core business is gold and jewellery retailing. As at 31st March 2005, the Group’s cash on hand reached approximately HK\$131 million (2004: HK\$73 million). The Group’s debt-to-equity ratio at the year-end, being the proportion of total debts of approximately HK\$159 million (2004: HK\$120 million) against total shareholders’ equity of approximately HK\$674 million (2004: HK\$583 million), was 23.6% (2004: 20.6%).

The Group’s income and expenditure streams are mainly denominated in Hong Kong dollars.

Capital Expenditure

During the year under review, the Group incurred capital expenditures of approximately HK\$82 million (2004: HK\$45 million), including the costs of furniture, fixture and equipment for several new jewellery retail shops as well as the costs for decorating its new head office to Kwun Tong.

Contingent Liabilities

The Group did not have any significant contingent liabilities at 31st March 2005 (2004: Nil).

Employment, Training, Development and Recruitment Remuneration Policy

As at 31st March 2005, the number of employees (including staff and workers) of the Group was approximately 1,550 (2004: 700). Remuneration policies are reviewed and approved by management on a regular basis. Remuneration packages are structured to take into account the comparable level of the market. Bonus and others merit payments are linked to success of the Group and performance of individual employee. The policy is to encourage employees to optimize business performance by providing them with financial incentives.

CLOSURE OF REGISTER OF MEMBERS

The Register of members of the Company will be closed from 22nd August 2005 to 25th August 2005, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on 19th August 2005.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the year, the Company was in compliance with the Code of Best Practice (applicable before 1st January 2005) as set out in the Listing Rules.

AUDIT COMMITTEE

In compliance with paragraph 14 of the Code of Best Practice, the Board has established an audit committee comprising all independent non-executive directors, to monitor the accounting and financial reporting practices and internal control systems of the Company. Since 1st April 2004, the audit committee conducted several meetings to consider matters including the 2004 annual report of the Company, internal controls and the unaudited interim condensed consolidated accounts for the six months ended 30th September 2004, the 2005 annual report of the Company and the Group’s IT control environment.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

APPRECIATION

On behalf of the Board of Directors, I would like to express my appreciation to all the staff for their dedication and contribution during the year. I would also like to offer my sincerest gratitude to all our customers, suppliers, business associates and shareholders for their support and advice. With your continuous cooperation and support, the Group will make every endeavor to strive for the best in the coming year.

By Order of the Board
Wong Wai Sheung
Chief Executive

Hong Kong, 22nd July 2005

All information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published in the Stock Exchange’s website as soon as possible.

The full text of the Company’s announcement of annual results can be accessed through the Internet at: <http://www.infocast.com.hk/listco/hk/lukfook>

As at the date of this announcement, the Company’s executive directors are Mr. WONG Wai Sheung, Mr. TSE Moon Chuen, Mr. LAW Tim Fuk, Paul, Mr. POON Kam Chi, Mr. LAU Kwok Sum, the non-executive directors are Mr. WONG Koon Cheung, CHAN Yau, LEE Shu Kuan, Ms. YUENG Po Ling, Pauline, Mr. HUI King Wai and the independent non-executive directors are Mr. HUI Chiu Chung, Mr. CHIU Wai Mo and Mr. LO Mun Lam, Raymond (Chairman).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 25th Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong on 25th August, 2005 (Thursday) at 11:30 a.m. for the following purposes:

1. To receive and consider the Audited Consolidated Accounts and the Reports of the Directors and Auditors for the year ended 31st March 2005.
2. To declare the final dividend and a special dividend for the year ended 31st March 2005.
3. To re-elect the retiring Directors, to authorise the Board to fix the remuneration of Directors and to appoint additional directors.
4. To re-appoint Auditors and to authorise the Board to fix their remuneration.
5. As special business, to consider and, if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (d) 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 it is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue (as defined in paragraph (d) below) or pursuant to an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to executives and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or any script dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval to the Directors in paragraph (a) above shall be limited accordingly; and
- (d) for the purposes of this Resolution:

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

 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the shareholders on the register of shareholders of the Company on a fixed record date in proportion to their shareholdings as at that date (subject to such exclusions or other arrangements as the Directors of the Company 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 applicable to the Company).”

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

“THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and it is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of share capital repurchased by the Company 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 on the date of this Resolution and the said approval to the Directors of the Company in paragraph (a) above 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 earlier 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 of the Company or any applicable laws to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

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

“THAT conditional upon Resolutions Nos. 5 and 6 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors of the Company as mentioned in Resolution No. 6 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to Resolution No. 5 above, provided that the amount of share capital repurchased by the Company shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution.”

8. To transact any other business.

By Order of the Board
Law Tim Fuk, Paul
Company Secretary

Hong Kong, 22nd July, 2005

Notes:

1. Any member of the Company entitled to attend and vote at the Annual General Meeting of the Company shall be entitled to appoint another person as proxy to attend and vote instead of him. On a poll, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
2. The instrument appointing a proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the principal place of the Company in Hong Kong at 25th Floor BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting.