



# LEEFUNG-ASCO PRINTERS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2001

The Board of Directors of Leefung-Asco Printers Holdings Limited (the “Company”) is pleased to announce the audited results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2001.

| CONSOLIDATED INCOME STATEMENT                               |       |                  |                                |
|---|-------|------------------|--------------------------------|
|   | Notes | 2001<br>HK\$'000 | 2000<br>HK\$'000<br>(restated) |
| Turnover  | 1     | 1,019,102        | 1,139,446                      |
| Cost of sales   |       | (873,902)        | (823,061)                      |
| Gross profit  | 3     | 145,200          | 316,385                        |
| Other revenue   |       | 6,180            | 8,847                          |
| Distribution costs  |       | (35,638)         | (38,607)                       |
| Administrative expenses                                     |       | (111,157)        | (109,611)                      |
| Allowance for bad and doubtful debts                        |       | (43,239)         | (21,588)                       |
| Deficit arising on revaluation of investment properties     |       | (10,840)         | (50)                           |
| Impairment loss recognised in respect of goodwill           |       | (2,638)          | (66,873)                       |
| Amortisation of goodwill                                    |       | (645)            | (11,557)                       |
| (Loss)/profit from operations                               | 4     | (52,777)         | 76,946                         |
| Finance costs   |       | (23,399)         | (43,671)                       |
| Share of results of associates                              |       | (3,323)          | (2,846)                        |
| (Loss)/gain on disposal of an associate                     |       | (300)            | 1,673                          |
| (Loss)/profit before taxation                               |       | (79,799)         | 32,102                         |
| Taxation  | 5     | (7,787)          | (16,943)                       |
| (Loss)/profit after taxation                                |       | (87,586)         | 15,159                         |
| Minority interests  |       | (7,643)          | (14,355)                       |
| Net (loss)/profit for the year attributable to shareholders |       | (95,229)         | 804                            |
| Dividends   | 6     | –                | (36,242)                       |
| (Loss)/earnings per share – Basic                           | 7     | (24.36) cents    | 0.28 cent                      |

Notes:

### 1. Turnover

Turnover represents revenue from printing of books and magazines, packaging products and financial printing.

### 2. Change of accounting policies

The Group has adopted for the first time the following Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants which became effective during the year:

- SSAP 9 (revised): Events after the balance sheet date
- SSAP 14: Leases
- SSAP 26: Segment reporting
- SSAP 30: Business combinations

Following the adoption of these new and revised accounting standards, additional or revised disclosures were made and certain comparatives previously reported have been restated. Detailed changes to the Group’s accounting policies and the effects of adopting these standards are set out in the annual report.

### 3. Gross profit

The gross profit in 2001 was adversely affected not only by the difficult operating environment, but also by the following two considerations. Firstly, management conducted a careful review of business trends, past and present stock levels and the future materials requirements of the Group. This has resulted in an additional provision of approximately HK\$13.5 million in respect of aged and obsolete raw materials and a write-off of approximately HK\$14 million in respect of work in progress overstated in the previous year. Secondly, an exceptional discount of approximately HK\$7 million was granted in 2000 to a major customer to settle claims over shipments made in prior years in order to maintain goodwill and to avoid getting into long drawn-out legal actions.

### 4. (Loss)/profit from operations

During the year, (loss)/profit from operations was determined after charging depreciation of HK\$59,136,000 (2000: HK\$49,103,000) in respect of the Group’s properties, plant and equipment.

### 5. Taxation

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| The charge comprises:   |                  |                  |
| Hong Kong Profits Tax calculated at 16% on the estimated assessable profit of the year          |                  |                  |
| – current year  | –                | 4,376            |
| – over-provision in prior year  | (748)            | –                |
| Profits tax outside Hong Kong   | 8,340            | 9,503            |
| Deferred taxation   | 195              | 2,487            |
| Taxation attributable to the Company and its subsidiaries                                       | 7,787            | 16,366           |
| Share of taxation of associates   | –                | 577              |
|   | 7,787            | 16,943           |
| Taxation outside Hong Kong is calculated at the rate prevailing in the respective jurisdiction. |                  |                  |

### 6. Dividends

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Interim dividend paid: nil (2000: 4.0 cents per share)   | –                | 12,072           |
| Final dividend proposed: nil (2000: 6.0 cents per share) | –                | 24,170           |
|  | –                | 36,242           |

The Company paid the final dividend for 2000 on 16 May 2001. The Board of Directors do not recommend a final dividend in respect of the year ended 31 December 2001.

### 7. (Loss)/Earnings per share – Basic

The calculation of the basic (loss)/earnings per share is based on the net loss attributable to shareholders of HK\$95,229,000 for the year ended 31 December 2001 (2000: profit of HK\$804,000 as restated) and on the weighted average of 390,976,272 shares (2000: 289,226,610 shares) in issue during the year.

Diluted (loss)/earnings per share has not been presented as the Company had no dilutive potential shares outstanding during the year.

### 8. Transfers to/(from) reserves

|   | HK\$'000 |
|---|----------|
| At 1 January 2000, as previously stated   | 501,174  |
| Derecognition of liability for the 1999 final dividend  | 19,213   |
| Restatement and recognition of goodwill arising on acquisitions as an asset (goodwill was previously charged against reserves)              | 89,603   |
| Restatement and recognition of negative goodwill arising on acquisitions as a deduction from asset which was previously credited to reserve | (796)    |
| Retrospective recognition of accumulated amortisation charges in respect of the goodwill recognised   | (15,124) |
| Retrospective recognition of income in respect of the negative goodwill recognised  | 796      |
| At 1 January 2000, as restated  | 594,866  |
| Premium on issue of shares  | 45,061   |
| Premium paid on purchase of own shares  | (3,036)  |
| Profit for the year ended 31 December 2000, as restated   | 804      |
| Final dividend for 1999   | (19,213) |
| Interim dividend for 2000   | (12,072) |
| As at 31 December 2000 and 1 January 2001, as restated  | 606,410  |
| Premium on issue of shares  | 151,590  |
| Premium paid on purchase of own shares  | (646)    |
| Loss for the year ended 31 December 2001  | (95,229) |
| Final dividend for 2000   | (24,170) |
| As at 31 December 2001  | 637,955  |

### 9. Segment information

As analysis of the Group’s revenue and results for the years ended 31 December 2001 and 2000 by principal activity segments is follows:

#### For the year ended 31 December 2001

|   | Printing of<br>Books &<br>Magazines<br>HK\$'000 | Printing of<br>Packaging<br>Products<br>HK\$'000 | Financial<br>Printing<br>HK\$'000 | Others<br>HK\$'000 | Eliminations<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|---|--|-----------------------------------|--------------------|--------------------------|--------------------------|
| Segment revenue                                   |   |  |                                   |                    |                          |                          |
| External sales                                    | 690,610   | 265,454  | 63,038                            | –                  | –                        | 1,019,102                |
| Inter-segment sales                               | 8,107   | 11,377   | –                                 | –                  | (19,484)                 | –                        |
| Total   | 698,717   | 276,831  | 63,038                            | –                  | (19,484)                 | 1,019,102                |
| Result  |   |  |                                   |                    |                          |                          |
| Segment result                                    | 1,260   | (22,924)   | (6,382)                           | –                  | –                        | (28,046)                 |
| Amortisation of goodwill                          | (645)   |  |                                   |                    |                          | (645)                    |
| Impairment loss recognised in respect of goodwill | (2,638)   |  |                                   |                    |                          | (2,638)                  |
| Unallocated corporate expenses                    |   |  |                                   |                    |                          | (21,448)                 |
| Loss from operations                              |   |  |                                   |                    |                          | (52,777)                 |
| Finance costs                                     |   |  |                                   |                    |                          | (23,399)                 |
| Share of results of associates                    | (2,570)   |  |                                   | (753)              |                          | (3,323)                  |
| Loss on disposal of an associate                  |   |  |                                   |                    |                          | (300)                    |
| Loss before taxation                              |   |  |                                   |                    |                          | (79,799)                 |
| Taxation  |   |  |                                   |                    |                          | (7,787)                  |
| Loss after taxation                               |   |  |                                   |                    |                          | (87,586)                 |
| Minority interests                                |   |  |                                   |                    |                          | (7,643)                  |
| Net loss for the year                             |   |  |                                   |                    |                          | (95,229)                 |

#### For the year ended 31 December 2000

|   | Printing of<br>Books &<br>Magazines<br>HK\$'000 | Printing of<br>Packaging<br>Products<br>HK\$'000 | Financial<br>Printing<br>HK\$'000 | Others<br>HK\$'000 | Eliminations<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|---|--|-----------------------------------|--------------------|--------------------------|--------------------------|
| Segment revenue                                   |   |  |                                   |                    |                          |                          |
| External sales                                    | 686,033   | 327,968  | 125,445                           | –                  | –                        | 1,139,446                |
| Inter-segment sales                               | 17,472  | 10,384   | –                                 | –                  | (27,856)                 | –                        |
| Total   | 703,505   | 338,352  | 125,445                           | –                  | (27,856)                 | 1,139,446                |
| Result  |   |  |                                   |                    |                          |                          |
| Segment result                                    | 112,079   | 32,641   | 23,006                            | –                  | –                        | 167,726                  |
| Amortisation of goodwill                          | (566)   | (48)   | (10,750)                          | (193)              |                          | (11,557)                 |
| Impairment loss recognised in respect of goodwill | (3,485)   |  | (59,726)                          | (3,662)            |                          | (66,873)                 |
| Unallocated corporate expenses                    |   |  |                                   |                    |                          | (12,350)                 |
| Profit from operations                            |   |  |                                   |                    |                          | 76,946                   |
| Finance costs                                     |   |  |                                   |                    |                          | (43,671)                 |
| Share of results of associates                    | (2,453)   |  |                                   | (393)              |                          | (2,846)                  |
| Gain on disposal of an associate                  |   |  |                                   |                    |                          | 1,673                    |
| Profit before taxation                            |   |  |                                   |                    |                          | 32,102                   |
| Taxation  |   |  |                                   |                    |                          | (16,943)                 |
| Profit after taxation                             |   |  |                                   |                    |                          | 15,159                   |
| Minority interests                                |   |  |                                   |                    |                          | (14,355)                 |
| Net profit for the year                           |   |  |                                   |                    |                          | 804                      |

## BUSINESS REVIEW AND PROSPECTS

### Sales of different products

|                                  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|----------------------------------|------------------|------------------|
| Packaging Printing               | 265,454          | 327,968          |
| Case-bound Books Printing        | 321,925          | 320,765          |
| Magazines Printing               | 228,697          | 167,446          |
| Children’s Books Printing        | 117,739          | 166,038          |
| Financial Printing               | 63,038           | 125,445          |
| Colour Separation and Publishing | 22,249           | 31,784           |
|                                  | 1,019,102        | 1,139,446        |

### Sales within different regions

|                | 2001<br>HK\$' 000 | 2000<br>HK\$' 000 |
|----------------|-------------------|-------------------|
| Mainland China | 577,622           | 483,349           |
| Hong Kong      | 121,028           | 264,701           |
|                | 698,650           | 748,050           |
| U.S.A.         | 240,769           | 257,055           |
| United Kingdom | 41,749            | 61,053            |
| Other areas    | 37,934            | 73,288            |
|                | 1,019,102         | 1,139,446         |

### Sweeping Changes To Build The Future

2001 was a very challenging year for Leefung-Asco, characterised by an exceptionally difficult commercial environment and the need for major restructuring. When I assumed the role of Chief Executive on 17 November 2001, the Company made a commitment to meet best practice standards in commercial, operational and financial practices, and to focus sharply on the best interest of shareholders. This includes full and transparent disclosure, and the establishment of clear milestones against which to mark the Company’s progress going forward. It is from this perspective that developments for the year 2001, as well as the outlook for 2002 and beyond are reported.

Leefung-Asco reports a loss of HK\$95 million in 2001, compared with a restated profit of HK\$1 million in 2000. Sales declined HK\$120 million, down 11% from HK\$1.139 million in 2000. Gross profit fell HK\$171 million to HK\$145 million, from HK\$316 million in the prior year. Due to working capital improvements, and in particular inventory reductions, net cash inflow from operating activities declined only HK\$9 million to HK\$111 million.

Management has made substantial write-offs and provisions to reflect current values of inventories, equipment, bad debts, claims and real estates in Hong Kong and Shanghai. These adjustments amounted to HK\$92 million which are largely non-current in nature, reflect management’s prudent approach to laying a strong financial foundation on which to build Leefung-Asco’s future.

### Sales Decline Driven By Three Divisions

- The Packaging Division in Dongguan lost a major order with a local exporter that deals with the US market, revenues declined 60%;
- Export sales deteriorated sharply in the Children’s Book Division, reflecting the economic downturn in the States and sales dropped 29%; and
- Financial Printing suffered from the worsened conditions in the Hong Kong stock market and sales fell some 50%.

In the Packaging Division, the orders from the US retailer have, now, been recaptured and more are to come thanks to the strengthening of the relationship with the Jefferson Smurfit Group. A major revamp of the processes and of the organization has also taken place. The change will be further consolidated by the start-up, now effective, of the corrugated plant and the set-up of a new, focused management structure.

In the Children’s Book Division, a more dynamic, proactive Sales and Marketing attitude will be developed through the reinforcement of the sales team. New markets and new customers will be actively sought.

For Financial Printing, 2001 has been a year of consolidation after the drain in staff suffered in previous year. A dedicated, more experienced team should bring significant improvements in a context that remains extremely challenging.

In 2001, the growth of the Magazines Printing has been sustained. The start-up of the second web press in Beijing, now effective, will further add to the sales and establish more firmly Leefung-Asco as a leading company in the area in China.

### Gross Profit Suffers From Tough Price, Volume Environment And Inventory Write-Offs

The following were the main factors in the 54% decline in gross profit, which amounts to HK\$171 million:

- HK\$60 million – falls in pricing and volume
- HK\$50 million – reductions in high cost inventories and changes in product mix
- HK\$26 million – reduction in the number of IPOs for Financial Printing
- HK\$35 million – provision for claims and write-offs relating to obsolete and over-valued inventories

### Balance Sheet Adjustments Further Impact Profit And Loss To Reflect Current Values

HK\$57 million was written off in a number of areas including: written off for obsolete equipment in a Beijing associated company; reduction of values of properties in Hong Kong and Shanghai; and as a result of bad debts on overdues, particularly in the Packaging and PRC business. Management strongly believes that the balance sheet, as adjusted now, represents a fair reflection of the Company’s asset base, and will provide a solid foundation for further growth.

### Financial Charges Shrink While Working Capital Improves And Cash Flow Remains Solid

Finance charges were reduced by HK\$20 million thanks to lower interest rates and the share purchase by Smurfit International B.V.. This investment also preserves the net asset value of Leefung-Asco. Working capital improvements, particularly from successful inventory reductions, offset reported losses and net cash inflow from operating activities declined by only HK\$9 million to HK\$111 million.

### Other Changes

The taxation charge decreased by HK\$9 million due to the absence of a tax charge in Hong Kong as a result of the losses suffered in the current year.

The fall in profit of the 51% owned Shanghai subsidiary has lead to the decrease in profit attributable to minority interests.

Reorganisation And Investment In Systems And Human Resources

A large factor in Leefung-Asco’s performance has been its prime focus on rapid expansion without enough corresponding attention to reporting and control systems and operational expertise. In December 2001, an extensive reorganisation of Leefung-Asco was initiated and the first step of structuring the business into integrated business units has been completed. From 2002 onwards it will be possible to track the progress and profitability of each business unit in an adequate time frame. Financial controls have been completely revamped, with further refinements ongoing. Our goal is a fully integrated financial/commercial information system that will provide timely, reliable financial information, and accelerate data delivery to the shop floor and to our marketing operations.

In the Finance Department, top quality executives have been recruited. A clear structure has been put in place to guarantee the independence of the financial staff in performing their duties. Marketing, Manufacturing, Human Resources and Legal Affairs are areas where significant changes have already occurred.

Cost Control And Efficiency Improvements A Priority

Management is strongly committed to reducing its cost base and improving efficiency across the board. Several important cost cutting initiatives have been put in place and a Central Purchasing Department has been created to leverage the purchasing power of the Company across all its Divisions. Special emphasis will be placed on reducing direct costs and operational efficiency will be enhanced by limiting downtime and wastage through comprehensive maintenance actions.

New equipment is operational in Beijing and Dongguan and will improve efficiency, product quality and open doors for new marketing initiatives. Leefung-Asco’s printing machines will be upgraded to improve both quality and productivity.

The Way Forward

Reporting results and write-offs of this relative magnitude is necessary to rebuild Leefung-Asco’s track record from a strong foundation. The prospects for the business remain strong, and will be further strengthened by our association with the Jefferson Smurfit Group through their 25% holding on our Company. We are committed to the highest standards of accounting and transparency and we expect to be reporting on progress to shareholders on a regular basis, both as financial results are announced, and when any significant and/or material development occurs. In the meantime some immediate benefits of our restructuring programme have been reflected in the results for the first quarter of the current year, showing a welcome return to profitability. We are optimistic that this trend will continue and that Leefung-Asco will resume its forward progress for the benefit of its shareholders, its customers and its staff.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2001, the Group’s cash and bank balances amounted to HK\$91 million while the total assets and the net assets were approximately HK\$1,252 million and HK\$678 million.

The current ratio at year-end 2001 decreased from 1.25 to 1.02 due to a significant reduction of closing inventories. As at 31 December 2001, the total bank borrowings has decreased by HK\$167 million and the net

gearing ratio improved from 53% to 33%. The improvement was mainly attributed to the proceeds from the issue of 100,792,000 new shares to Smurfit International B.V. in February 2001. In view of the Group’s ability to generate cash from its operations, together with approximately HK\$825 million unutilised banking facilities at the balance sheet date, the Board considers that the Group has sufficient financial resources to satisfy its future capital expenditure plans.

The Group is committed towards better working capital management in further reducing the inventory level and tightening its measures on the trade receivables. The closing inventory has decreased by HK\$137 million and the average stock turnover ratio has decreased from 6.2 months to 2.7 months. Trade receivables including discounted bills receivables decreased by HK\$63 million and the average debtor turnover period in terms of sales decreased from 3.3 months to 3.0 months.

CAPITAL STRUCTURE

As at 31 December 2001, the Group’s net asset was financed by internal resources through share capital and reserves. Total equity attributable to shareholders was HK\$678 million, representing an increase of 7% over last year. As at 31 December 2001, the Group’s bank borrowings amounted to HK\$315 million (31 December 2000: HK\$482 million) which represents 46% (31 December 2000: 76%) of the shareholders’ equity, all were matured within one year. Of the total borrowings, HK\$112 million was borrowed in Renminbi. The currency exposure in Renminbi borrowings has been hedged against the Group’s Renminbi assets and Renminbi revenue as generated by the subsidiaries in China.

The capital base of the Company for the year had been enlarged by an amount of approximately HK\$162 million which was the result of the placing of 100,792,000 shares to Smurfit International B.V. As at 31 December 2001, part of the proceeds amounting to approximately HK\$40 million have been invested in our Dongguan plant for expansion of the Packaging Division. In the meantime, the unused proceeds are being used as working capital for the Group to reduce its bank borrowings.

TREASURY POLICIES

The Group maintains a conservative approach on foreign exchange exposure management. The majority of the Group’s borrowings, approximately 59% of the total at the year end date, was in HK\$ with the balance in Renminbi and US Dollars.

The Group’s borrowings are principally on a floating rate basis. When appropriate and at times of interest rate uncertainty or volatility, hedging instruments including swaps are used in the Groups’ management of interest rate exposure.

PLEDGE OF ASSETS

As at 31 December 2001, the Group pledged its plant and equipments, investment properties, land & buildings and bank deposit with an aggregate carrying value of approximately HK\$22 million (2000: HK\$23 million), HK\$4 million (2000: HK\$9 million), HK\$186 million (2000: HK\$184 million) and HK\$2 million (2000: Nil) respectively as securities for generating banking facilities granted to the Group.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

At the end of 2001, the Group employed a total of approximately 150 employees in Hong Kong and a workforce of approximately 3,000 in the PRC.

The Group’s remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. In addition to salaries, the Group provides staff benefits including medical insurance, contributions to staff’s provident fund and discretionary training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased 430,000 shares from The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at a price of HK\$1.6 per share on average. These shares were then cancelled in May 2001. An amount of HK\$43,000 has been transferred from retained profits to the capital redemption reserve and the premium paid on redemption of these repurchased shares amounting to HK\$646,000 has been charged to the share premium account.

Saved as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company’s listed securities during the year ended 31 December 2001.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, throughout the accounting period covered by the annual report, except that the non-executive directors of the Company are not appointed for specific terms but are subject to retirement and re-election at each annual general meeting of the Company in accordance with the bye-laws of the Company.

CLOSING OF REGISTER

The register of members of the Company will be closed from Thursday, 6 June 2002 to Monday, 10 June 2002, both days inclusive, during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Registrars in Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong, not later than 4:00 p.m. on Wednesday, 5 June 2002.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE’S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited will be subsequently published on the Stock Exchange’s website in due course.

ACKNOWLEDGEMENT

On behalf of the board, I would like to express my sincere gratitude to all our staff for their dedication, hard work and contribution especially during such challenging period. In addition, we would also like to thank all our shareholders for their support of the Group and our customers for their business.

By Order of the Board  
Alain Raymond Baudant  
Chief Executive Officer

Hong Kong  
15 April 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Small Connaught Room, 1st Floor, Mandarin Oriental Hotel, 5 Connaught Road Central, Hong Kong on Monday, 10 June 2002 at 10:00 a.m. for the following purposes:–

- 1. To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2001.
- 2. To re-elect the retiring Directors, to fix the maximum number of Directors, to authorise the Board to appoint additional Directors and to fix the Directors’ remuneration.
- 3. To appoint the Auditors and to authorise the Directors to fix their remuneration.
- 4. To consider as special business and, if thought fit, pass the following resolutions as Ordinary Resolutions:–

(1) “THAT:

- (a) subject to paragraph (1)(b) below, the exercise by the Directors during the Relevant Period of all the powers of the Company to repurchase issued shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and to make or grant offers, agreements and options which might require the exercise of such powers in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of share capital repurchased or agreed conditionally or unconditionally to be repurchased by the Directors pursuant to the approval in paragraph (1)(a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

- “Relevant Period” means the period from the passing of this resolution until whichever is the 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 Bermuda law to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in General Meeting.”

(2) “THAT:

- (a) subject to paragraph (2)(c) below, the exercise by the Directors during the Relevant Period of all the powers of the Company to allot, issue and deal with additional authorised and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (2)(a) above shall authorise the Directors to make or grant offers, agreements and options during the Relevant Period which would or 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 or unconditionally to be allotted by the Directors pursuant to the approval in paragraph (2)(a) above, otherwise than pursuant to:
  - (i) a Rights Issue; and
  - (ii) the exercise of options under a share option scheme of the Company;shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution and this approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

- “Relevant Period” means the period from the passing of this resolution until whichever is the 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 Bermuda law to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in General Meeting;

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (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 any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”

(3) “THAT:

conditional upon the passing of resolutions nos. 4(1) and 4(2) set out in the notice convening this meeting, the general mandate referred to in resolution no. 4(2) above be and is hereby extended by the addition to the aggregate nominal amount of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares purchased by the Company pursuant to the mandate referred to in resolution no. 4(1) above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution.”

- 5. To consider as special business and, if thought fit, pass the following resolution as a special resolution:

“THAT:

‘利豐雅高印刷集團有限公司’ be adopted as the Company’s name for the purpose of identification only and that the name be registered with the Registrar of Companies in Hong Kong.”

By Order of the Board  
Lo Kin Cheung  
Company Secretary

Hong Kong, 15 April 2002

Notes:

- 1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company 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. To be effective, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the principal place of business of the Company at Room 1001-3, 10th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting.
- 3. The register of members of the Company will be closed from Thursday, 6 June 2002 to Monday, 10 June 2002, both days inclusive, during which period no transfer of shares can be registered.
- 4. In order to qualify for attending the above meeting, unregistered holders of shares of the Company should ensure that transfers accompanied by the relevant share certificates are lodged with the Company’s Registrars in Hong Kong, Tengis Limited of 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 5 June 2002.
- 5. An explanatory statement containing further details regarding the resolutions nos. 4(1), 4(2), 4(3) and 5 above will be sent to members of the Company shortly together with the 2001 Annual Report.