



ASIA ALUMINUM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2001

The directors (the "Directors") of Asia Aluminum Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2001 together with comparative figures for the previous year as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Year ended 30 June	
		2001 HK\$'000	2000 HK\$'000
TURNOVER	2	2,061,929	1,748,115
Cost of sales and services provided		(1,627,837)	(1,372,561)
Gross profit		434,092	375,554
Gain on partial disposal of interests in subsidiaries		120,739	—
Other revenue		28,517	18,446
Selling and distribution costs		(46,967)	(31,039)
Administrative expenses		(127,631)	(90,503)
Other operating expenses		(56,917)	(28,121)
PROFIT FROM OPERATING ACTIVITIES	2,3	351,833	244,337
Finance costs		(65,394)	(29,743)
Share of results of an associate		—	2,449
PROFIT BEFORE TAX		286,439	217,043
Tax	4	(71,577)	(35,929)
PROFIT AFTER TAX		214,862	181,114
Minority interests		(19,412)	(18,893)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		195,450	162,221
DIVIDENDS	5	111,630	—
		HK cents	HK cents
EARNINGS PER SHARE	6	9.02	10.21
Basic		9.02	10.21
Diluted		8.41	9.99

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

These audited consolidated financial statements are prepared in accordance with Hong Kong Statements of Standard Accounting Practice and the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The annual depreciation rates adopted by the Group for the year have been consistent with prior financial years and as set out in the Company's annual report to its shareholders for the year ended 30 June 2000, except for the rate applicable for the depreciation of moulds, which has been revised from 6.25% for the preceding financial year to 12.5% for the current year. In the opinion of the Directors, the useful lives of these assets are more accurately reflected by the revised estimate. Had the depreciation rate remained unchanged from the previous year, the depreciation charge for the year would have been reduced by approximately HK\$4.1 million.

Save as disclosed above, the accounting policies adopted and methods of computation used in the preparation of these consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 30 June 2000.

2. SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of aluminum and stainless steel products and provision of e-business services.

The analysis of the Group's turnover and profit from operating activities by principal activity and geographical area for the year ended 30 June 2001 together with the comparative figures for previous year are as follows:

By principal activity

	Turnover		Profit from operating activities	
	Year ended 30 June		Year ended 30 June	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Manufacture and sale of aluminum extrusion products	1,620,300	1,462,040	265,404	191,239
Manufacture and sale of stainless steel products	278,460	177,359	33,710	10,641
Manufacture and sale of aluminum panels	140,258	76,525	73,071	22,172
Provision of design and testing services for aluminum products	17,712	32,002	15,741	26,561
E-commerce business operation	5,199	189	(16,219)	(6,276)
Others (Mainly development of designs and technologies for applications in environmental protection products)	—	—	(19,874)	—
	2,061,929	1,748,115	351,833	244,337

By geographical area

	Turnover		Profit from operating activities	
	Year ended 30 June		Year ended 30 June	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	1,526,365	1,102,597	280,725	209,110
Asia Pacific, excluding the PRC and Hong Kong	310,887	337,887	40,496	31,458
North America	60,842	194,319	14,490	14,739
Hong Kong	151,869	86,404	13,472	(13,011)
Others	11,966	26,908	2,650	2,041
	2,061,929	1,748,115	351,833	244,337

3. DEPRECIATION

During the year, depreciation of HK\$55.8 million (2000: HK\$44.2 million) was charged in respect of the Group's property, plant and equipment.

4. TAX

	Year ended 30 June	
	2001 HK\$'000	2000 HK\$'000
Current year provision	683	—
Hong Kong	71,544	37,759
Elsewhere	(650)	(1,830)
Deferred tax	71,577	35,929

Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits arising from its operations in Hong Kong during the year. No provision for Hong Kong profits tax was made for the year ended 30 June 2000 as the Group did not generate any assessable profits arising from its operations in Hong Kong during that year. Taxes on profits assessable elsewhere have been calculated at the appropriate rates of tax in the jurisdictions in which the Group operates, based on the existing legislation, interpretations and practices in respect thereof.

5. DIVIDENDS

	2001 HK\$'000	2000 HK\$'000
Interim: HK1.0 cent per ordinary share	11,120	—
Proposed final: HK1.0 cent per ordinary share	22,340	—
Proposed special: HK3.5 cents per ordinary share	78,170	—
	111,630	—

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$195,450,000 (2000: HK\$162,221,000) and the weighted average number of 2,166,223,638 (2000: 1,589,501,448 as adjusted) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK\$197,209,000 (2000: HK\$162,221,000) and on 2,343,644,203 (2000: 1,623,922,578 as adjusted) ordinary shares, being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive potential ordinary shares outstanding during the year.

The weighted average number of ordinary shares in issue during the year used in the above earnings per share for each of the years ended 30 June 2000 and 2001 have been adjusted to reflect the bonus share issue during the year.

MANAGEMENT DISCUSSIONS AND ANALYSIS

The Operating Review

The year under review was a year of business repositioning for the Group. In view of a challenging and highly competitive market, the management has dedicated more efforts into investing in new manufacturing facilities, re-engineering its production cycles, strengthening its core business and forming strategic alliance with global leaders. The Group has moved a significant step closer to being a leading aluminum extrusion manufacturer in the world.

(A) Operating Results for the Year

The Group achieved satisfactory results for the year. Underpinned by aggressive marketing efforts to expand customer base and to develop overseas markets, the Group's turnover reached approximately HK\$2,061.9 million, an increase of 18.0% compared to last year. Profits attributable to shareholders grew approximately 20.5% to reach approximately HK\$195.5 million, including an exceptional gain of HK\$120.7 million from the disposal of 26.2% of the issued share capital of Asia Aluminum Group Limited ("AAG").

AAG, the major subsidiary of the Group, is engaged in the aluminum extrusion and stainless steel business and continues to be the major profit contributor for the Group.

AAG and its subsidiaries (the "AAG Group") maintained its gross profit margin for its aluminum extrusion core business for the year and recording a net profit before tax and minority interests ("EBT") of HK\$245.6 million, a gain of 9.4% compared to last year. During the year, the Group invested HK\$130.5 million in capital expenditures and HK\$293.5 million in acquisition of subsidiaries. The Group's diversification into other businesses during the year 2000 resulted in an additional operating cost and finance cost of HK\$46.2 million for the year. These new businesses recorded a loss of HK\$37.4 million during the year under review.

(B) Dynamics of the Business

Manufacture and Sale of Aluminum and Stainless Steel Products

Turnover from the manufacture and sale of aluminum products amounted to HK\$1,760.6 million for the year, representing an increase of HK\$222.0 million from the previous year. Sales revenue from the manufacture and sale of stainless steel products fared favourably with a 57.0% increase to HK\$278.5 million in 2001. The growth impetus came from the prosperous construction industry in the PRC but fierce price wars cut into the profit margin. The Group pursued the value-added strategy of improving product quality and diversifying product portfolio and applications. This approach was proved effective in maintaining the Group's leading market position.

The total EBT contributed by AAG Group amounted to HK\$245.6 million, an increase of 9.4% compared with the previous year.

Effective Control of Production Capabilities

To effect a stronger management of production capabilities, the Group acquired the remaining minority interests of 9% in Pavilion Services Limited and 45% in Majestic Holdings Limited in November 2000. Both manufacturing companies are now wholly owned subsidiaries of the Company.

New Strategic Partner — Indalex

In October 2000, the Company entered into an aluminum extrusion products supply agreement (The "Supply Agreement") with Indalex Aluminum Solutions ("Indalex") — the beginning of a strategic alliance. Indalex is one of the top 3 aluminum extrusion manufacturers in the world and operates 15 extrusion facilities and 2 aluminum billet casting plants in the United States and Canada. It employs over 3,500 employees.

According to the Supply Agreement, Indalex will distribute the Group's aluminum extrusion products in the United States and Canada as exclusive distributor, thus enhancing the Group's presence in North America significantly.

In April 2001, the Group further strengthened its relationship with Indalex through a strategic equity alliance. Indalex acquired from the Company 26.2% of the issued share capital of AAG for a cash consideration up to HK\$524 million, indicating its confidence and optimism in the business of the Group and also the tremendous synergy generating from the alliance. Further details are set out in the Company's circular of 18 May 2001 to its shareholders.

Business Sales

The PRC continues to be the Group's largest and most promising market. Buoyed by a GDP growth forecast of 7% in 2001, the country's infrastructure and property development activities will gain in momentum. The Group is pleased to report that aluminum extrusion and panel supply contracts have already been secured for 4 new airports in 2001 and there are others currently under negotiations.

In Hong Kong, the Group has obtained supply contracts to Nina Tower in Tsuen Wan, Cyberport, IFC Tower Phase II in Central and West Rail etc.

It is the Group's strategy to achieve a well-balanced geographical spread and product portfolio and applications to minimise risk exposure. The three 50/50 targets are hypothetical benchmarks and it is more important for the Group to pursue the targets flexibly to focus on markets and products with the most attractive potential, so as to maximise business growth.

E-business

In the year 2000, the Group launched an Internet trading platform for non-ferrous metal through the i-Metal Group, primarily as a value-added service to customers and industry practitioners. The Group is pleased to report that i-metal.com has attained operational breakeven point status.

Spot B2B metal spot trading has been officially launched to the market in October 2001.

Other Investments

The Group diversified its business to environmental protection products in July 2000. Unforeseen technical difficulties arisen during the pilot production stage and delayed mass production and commercial launch of the environmental protection products designed and developed by Prime Hill Technology Limited ("PHT") and its subsidiaries led to a net loss of approximately HK\$19.9 million.

Given the changes in market conditions as well as substantial time and additional capital investment in research and equipment deployment needed to kick off mass production, the Group disposed of all of its interests in this business to a third party for a cash consideration of HK\$455 million in August 2001.

(C) Employees and Remuneration Policies

As at 30 June 2001, the Group employed over 2,000 full time management, administrative and production staff in Hong Kong and the PRC. The remuneration policies of the Group are reviewed on an annual basis and the remuneration package includes pension funds, bonuses and share options. As required by the Hong Kong Government, the Group's employees in Hong Kong have joined the mandatory provident fund scheme in December 2000.

The Financial Review

(A) *Attributable Return to Shareholders*

The Board of Directors has recommended the payment of a final dividend of HK1.0 cent per share and a special dividend of HK 3.5 cents per share to the shareholders of the Company registered on 7 December 2001, together with the interim dividend of HK1.0 cent per share paid in April 2001, making a total dividend of HK5.5 cents per share for the year ended 30 June 2001.

During the year, the Group wrote off the goodwill arising from the acquisition of PHT of HK\$456.5 million in the capital reserve account. Subsequent to the balance sheet date, the Group disposed of all of its interests in PHT to a third party for a cash consideration of HK\$455 million and as a result, the write-off was reversed in August 2001.

Basic earnings per share for the current year were HK9.02 cents, a decrease of 11.7% compared to HK10.21 cents last year.

(B) *Capital Structure and Treasury Policy*

The Group maintains a strong and stable financial position. As at 30 June 2001, the Group had total assets of approximately HK\$2,597.9 million, comprising non-current assets of approximately HK\$603.3 million and current assets of approximately HK\$1,994.6 million, which were financed by current liabilities, non-current liabilities, minority interests and shareholders' funds of approximately HK\$832.3 million, HK\$386.4 million, HK\$270.5 million and HK\$1,108.7 million respectively.

As at the balance sheet date, the Group's cash and bank balances and total borrowings were approximately HK\$1,007.4 million and HK\$727.6 million respectively. The Group's consolidated net cash as at 30 June 2001, being cash and bank deposits less bank borrowings, amounted to HK\$279.8 million, compared to HK\$175.3 million as at 30 June 2000.

In September 2000, the Group raised new funding for the expansion of certain production facilities and general working capital purposes by way of an issue of an aggregate principal amount of US\$16.0 million 3% convertible bonds due September 2003. During the year, a total of approximately US\$5.1 million bonds was converted into ordinary shares of the Company, which resulted in an increase in the shareholders' funds of the Company by a total of HK\$39.4 million.

In January 2001, a three-year syndicated loan of US\$40 million was concluded, which is mainly used to increase production capacity and general working capital. During the year, early repayment of US\$5.0 million was made in view of the excess cash position of the Group.

The Group's overall treasury and funding policy is that of risk management and control. The assets and liabilities of the Group are mainly denominated either in Renminbi, Hong Kong or United States dollars. Accordingly, the Group has minimal exposure to foreign exchange risk.

(C) *Liquidity and Financial Resources*

As at 30 June 2001, the Group had aggregate banking and credit facilities in respect of overdrafts, short term loans, trade financing and finance leases of approximately HK\$777.6 million. All were secured by certain of the Group's tangible fixed assets with net book value totalling HK\$17.4 million and bank deposits of approximately HK\$24.5 million. The Group had utilised a total of approximately HK\$368.6 million, representing 47.4% of the aforesaid banking and credit facilities as at the same date.

Subsequent to the year end, the Group reviewed its funding needs in the coming year and HK\$102.6 million of the aforesaid facilities were terminated by the Group.

Total loans outstanding at the end of the year amounted to HK\$727.6 million, an increase of HK\$457.5 million from last year. Loans drawn down from new long term facilities primarily convertible bonds and syndicated loans were approximately HK\$436.8 million. They were used to finance capital expenditures and the acquisition of new aluminum extrusion factories by the Group in the PRC. As a result, the debt to equity ratio (debt/shareholders' funds) of the Group increased from 22.0% a year ago to 59.0% at year-end. This is in line with the Group's strategy to consolidate its capital investment financing policy. Long term facilities will be better utilised so as to improve the Group's short term financial position. The current ratio increased from 2.2 to 2.8 at 30 June 2001 compared to that a year ago.

PROSPECT

The Group recognises the tremendous opportunities arising from the PRC construction market. The successful bid for hosting the 2008 Olympic Games entails the construction and development of world-class stadiums and many other auxiliaries in Beijing and other parts of the PRC. New business opportunities are also expected from the imminent

entry into the World Trade Organisation and growing demand for aluminum and stainless steel products from the Mega Development in the Western Region of the PRC.

To capitalise on the anticipated opportunities, the Group continued to expand its production capacity through mergers and acquisitions.

On 9 August 2001, the Group formed two joint venture entities in the PRC with a 60% equity interest in each of them to operate and manage two aluminum extrusion manufacturing facilities in Nanhai, the PRC. The total cash contribution for these joint ventures is approximately HK\$214.0 million and is expected to be completed in the last quarter of 2001. When the manufacturing facilities of these two joint ventures become fully operational in late 2001, the Group's annual total production capacity of 120,000 metric tons will become the largest in Asia.

In order to enjoy further economy of scale, the Company will continue to seek valuable vertical integration opportunities like aluminum smelting.

Looking ahead, the Group will focus on enhancing production capacity and quality, producing non-construction and paint-coated products of higher profit margins, and new market developments in Europe and South America. Enhancement of production cycle will also be sought through the appointment of international technical consultants.

The Company's B2B portal, i-metal.com, has launched spot trading services of primary materials, including logistics support for general membership use, in October 2001. The Directors believe that the portal that directly leverages on the Group's expert industry experience and knowledge will become a revenue generating platform.

Infrastructure aside, the Group will further strengthen its management team, enhance marketing capabilities and tighten cost controls to facilitate operating efficiency and market share expansion.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Directors proposed a final dividend of HK1.0 cent per ordinary share and a special dividend of HK3.5 cents per ordinary share for the year ended 30 June 2001 payable to those shareholders whose names appear on the Register of Members of the Company on 7 December 2001. Dividend warrants are expected to be dispatched to shareholders on or about 14 December 2001.

CLOSURE OF TRANSFER BOOKS

The Register of Members of the Company will be closed from Tuesday, 4 December 2001 to Friday, 7 December 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend and the special dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Hong Kong Registrars Limited of 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong not later than 4:00 p.m. on Monday, 3 December 2001.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 June 2001, neither the Company nor its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Audit Committee which comprises the two independent non-executive directors of the Company, had met with the management of the Company to review the final results, considered the significant accounting policies, and discussed with the management the Group's internal control system.

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by this annual results, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors of the Company are not appointed for specific term but are subject to retirement by rotation at annual general meetings. In the opinion of the Directors, this meets with the same objective of the Code of Best Practice.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE WEBSITE

A detailed results announcement containing all the information required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

By Order of the Board
Kwong Wui Chun
Chairman

Hong Kong, 26 October 2001

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders of Asia Aluminum Holdings Limited (the "Company") will be held at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong on Friday, 7 December 2001 at 11:00 a.m. for the following purposes:

- To receive and consider the audited financial statements and the reports of the directors and auditors of the Company for the year ended 30 June 2001.
- To declare a final dividend and a special dividend for the year ended 30 June 2001.
- To re-elect the retiring directors and authorise the board of directors of the Company to fix the directors' remuneration.
- To re-appoint auditors and to authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, passing the following resolutions as ordinary resolutions:-

ORDINARY RESOLUTIONS

- "THAT subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") approving the share option scheme (a copy of which is produced to the Meeting marked "A" and signed by Chairman of the Meeting for the purpose of identification) ("New Scheme") and any options which may be granted thereunder and granting listing of, and permission to deal in, the shares of HK\$0.10 each in the capital of the Company ("Shares") to be issued pursuant to the exercise of such options,
 - the operation of the share option scheme (the "Original Scheme") adopted by the Company at the special general meeting of the shareholders of the Company held on 19 February 1998 be terminated and that no further options will be granted under the Original Scheme but in all other respects the provisions of the Original Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Original Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Original Scheme; and
 - the rules of the New Scheme be and are hereby approved and adopted and that the directors of the Company be and they are hereby authorised:
 - to administer the New Scheme under which the options will be granted to eligible participants under the New Scheme to subscribe for Shares;
 - to modify and/or amend the rules of the New Scheme from time to time subject to the provisions of such rules;
 - to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Scheme provided always that the maximum number of Shares to be issued shall not exceed 10 per cent. of the issued share capital of the Company as at the date of passing of this Resolution; and
 - to make application at the appropriate time to the Stock Exchange, and any other stock exchange upon which the Shares may for the time being be listed, for listing of, and permission to deal in, the Shares which may thereafter from time to time issued and allotted pursuant to the exercise of the options under the New Scheme."
- (1) "THAT
 - subject to paragraph (c) below, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as defined in paragraph (d) of this Resolution) of all the powers of the Company to allot, issue and deal with unissued shares in the share capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such power be and it is hereby generally and unconditionally approved;
 - the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
 - the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) of this Resolution); (ii) any share option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or other approved participants rights to acquire shares of the Company; (iii) an issue of shares as scrip dividends 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; and (iv) an issue of shares of the Company upon the exercise of the subscription rights attaching to the existing warrants and convertible bonds issued by the Company and from time to time outstanding, shall not in total exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution, and the said 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 earlier of:

 - the conclusion of the next annual general meeting of the Company;
 - the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors under this Resolution; and
 - 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 of Bermuda to be held.

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

(2) "THAT

- the exercise by the directors of the Company ("Directors") during the Relevant Period (as defined in paragraph (c) of this Resolution) of all powers of the Company to purchase its shares and warrants, subject to paragraph (b) below and in accordance with all applicable laws and regulations, be and it is hereby generally and unconditionally approved;
- the aggregate nominal amount of shares and warrants in the Company to be purchased by the Company during the Relevant Period pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company and 10 per cent. of all outstanding warrants of the Company as at the date of this Resolution respectively, and the said approval shall be limited accordingly; and
- for the purposes of this Resolution:

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

- the conclusion of the next annual general meeting of the Company;
- the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors under this Resolution; and
- 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 of Bermuda to be held."

- "THAT, conditional upon the passing of the Resolutions nos. 6(1) and 6(2) as set out in the notice convening this Meeting, the general mandate granted to the directors of the Company ("Directors") pursuant to the approval granted under Resolution no. 6(1) above and for the time being in force to exercise the power of the Company to allot shares be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares in the capital of the Company which has been repurchased by the Company pursuant to Resolution no. 6(2), provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution."

By Order of the Board
Yee Kit Lin, Anita
Company Secretary

Hong Kong, 26 October 2001

Head Office and principal place of business in Hong Kong
12th Floor, Railway Plaza
39 Chatham Road South
Tsimshatsui
Kowloon
Hong Kong

Notes:

- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. A member who is the holder of two or more shares may appoint more than one proxy. A proxy need not be a member of the Company.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be lodged with the head office and principal place of business of the Company in Hong Kong at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
- The register of members of the Company will be closed from Tuesday, 4 December 2001 to Friday, 7 December 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend and the special dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Hong Kong Registrars Limited of 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong not later than 4:00 p.m. on Monday, 3 December 2001.
- In relation to the proposed resolution no. 6(1) set out above, approval is being sought from the members as a general mandate under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Directors wish to state that they have no immediate plans to issue any new shares of the Company.
- In relation to the proposed resolution no. 6(2) set out above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares and warrants of the Company in the circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution as required by the Listing Rules, will be set out in a separate document to be enclosed with the 2001 annual report.