ORIENTAL METALS (HOLDINGS) COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

2002 FINAL RESULTS

RESULTS

The Directors of Oriental Metals (Holdings) Company Limited ("the Company") and its subsidiary ("the Group") herewith announce the audited consolidated results for the year ended 31st December, 2002 as follows:–

	Note	**2002**	2001
		HK$'000	*HK$'000*
Turnover	*2*	875,676	1,234,277
Cost of sales		(767,196)	(1,170,487)
Gross profit		108,480	63,790
Other revenues	*2*	3,009	4,442
Other income, net		1,400	3,642
		112,889	71,874
Selling expenses		(31,047)	(48,714)
Administrative expenses		(61,220)	(83,455)
Other operating income/(expenses)	*3*	53,115	(717,083)
Profit/(Loss) from operations	*2*	73,737	(777,378)
Finance costs		(52,084)	(58,325)
Share of profits less losses of associates		5,851	(41,965)
Profit/(Loss) before taxation	*4*	27,504	(877,668)
Taxation	*5*	(2,487)	(3,233)
Profit/(Loss) after taxation		25,017	(880,901)
Minority interests		(5,341)	17,893
Profit/(Loss) attributable to shareholders		19,676	(863,008)
Dividends	*6*	–	–
Profit/(Loss) for the year		19,676	(863,008)
Earnings/(Loss) per share	*7*		
– Basic		1.49 cents	(65.39 cents)
– Diluted		–	–

Notes:

1. **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 Society of Accountants ("HKSA"). They have been prepared under the historical cost convention except that certain land and buildings are stated at fair value.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAP") issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

SSAP1 (revised) : Presentation of financial statements
SSAP11 (revised) : Foreign currency translation
SSAP15 (revised) : Cash flow statements
SSAP34 (revised) : Employee benefits

The Group has also adopted SSAP35 "Government grants and disclosure of government assistance" which is effective for accounting periods commencing on or after 1st July 2002 in advance of its effective date.

The adoption of these new and revised accounting standards did not have material impact on the accounts for the year ended 31st December 2002 and the previous years except for the reclassifications in the consolidated cash flow statement and the presentation of the consolidated statement of changes in equity.

2. **Segment information**

The segment information of the Group as analysed by business and geographical segments are shown as below:

By business segments:

			2002		
	Trading	**Aluminium refinery**	**Copper refinery and smelters**	**Corporate and others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue					
Sale of nonferrous metals	**–**	**827,015**	**48,661**	**–**	**875,676**
Other revenues	**81**	**1,391**	**635**	**902**	**3,009**
Segment results	**37,510**	**38,343**	**1,292**	**(3,408)**	**73,737**

	2001				
	Trading	Aluminium refinery	Copper refinery and smelters	Corporate and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
Sale of nonferrous metals	246,736	853,830	137,076	–	1,237,642
Net losses on metals future trading	(3,365)	–	–	–	(3,365)
	243,371	853,830	137,076	–	1,234,277
Other revenues	1,004	3,078	40	320	4,442
Segment results	(308,335)	(61,765)	(35,170)	(372,108)	(777,378)

By geographical locations of operations:

	2002		2001	
	Group turnover	**Contribution to gross profit**	Group turnover	Contribution to gross profit
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Mainland China	**851,316**	**104,764**	1,111,163	63,519
Hong Kong and others	**24,360**	**3,716**	123,114	271
	875,676	**108,480**	1,234,277	63,790

3. Other operating income/(expenses)

	2002	2001
	HK$'000	*HK$'000*
Reversal of provision/(provision) for foreseeable loss on a long-term purchase contract	**43,806**	(56,040)
Gain on deconsolidation of a subsidiary under liquidation	**29,754**	–
Reversal of provision/(provision) for compensation in respect of outstanding claims and litigations	**6,829**	(16,256)
Reversal of provision/(provision) for impairment in value of investment securities	**99**	(594)
Provision for bad and doubtful debts	**(22,691)**	(591,919)
Provision for impairment in value of fixed assets (other than land and buildings)	**(1,882)**	(36,745)
Provision for impairment in value of land and buildings	**(1,458)**	(12,544)
Provision for impairment in value of intangible assets	**–**	(1,613)
Others	**(1,342)**	(1,372)
	53,115	(717,083)

4. **Profit/(Loss) before tax is determined after charging and crediting the following:**

	2002	2001
	HK$'000	*HK$'000*
Charging:		
Depreciation	**53,500**	87,315
Loss on disposal of fixed assets	**769**	884
Loss on disposal of construction in progress	**–**	7
Amortisation of intangible assets	**–**	880
Operating lease rentals on land and buildings	**1,088**	1,360
Provision for inventory obsolescence	**–**	8,089
Auditors' remuneration	**1,200**	1,800
Exchange loss, net	**63**	–
Crediting:		
Interest income	**391**	2,555
Reversal of provision for inventory obsolescence	**338**	–
Gain on disposal of investment securities	**–**	1,934
Dividend income from investment securities	**–**	27
Exchange gain, net	**–**	261

5. **Taxation**

	2002	2001
	HK$'000	*HK$'000*
Provision for the People's Republic of China ("PRC") Enterprise Income Tax	**2,179**	2,014
Share of income tax expenses of associates	**308**	1,219
	2,487	3,233

No provision for Hong Kong Profits Tax has been made for Hong Kong companies within the Group as all Hong Kong companies had no assessable profits during the year.

In accordance with relevant income tax laws and regulations applicable to sino-foreign equity joint ventures in the PRC, the Group's PRC subsidiaries are exempted from Enterprise Income Tax for two years starting from their first profit-making year, after offsetting tax losses brought forward from the previous five years, if any, followed by a 50% reduction in the tax rate for the immediate next three years.

The tax exemption and reduction period of one of the subsidiaries in the PRC expired in 2001, which is currently subject to Enterprise Income Tax at a tax rate of 33%. All other subsidiaries in the PRC still enjoy full tax exemption for the year.

6. **Dividends**

No interim dividend was paid and the directors do not recommend the payment of a final dividend in respect of the year.

7. **Earnings/(Loss) per share**

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to shareholders of approximately HK$19,676,000 (2001: loss of HK$863,008,000) and the weighted average of 1,319,726,950 ordinary shares (2001: 1,319,726,950 ordinary shares) in issue during the year.

No disclosure of diluted earnings/(loss) per share has been made as there was no potential dilutive shares in existence in 2002 and 2001.

8. **The movements of reserves for the Group during the year are as follows:**

	Share premium *HK$'000*	Revaluation reserve *HK$'000*	General reserve *HK$'000*	Capital reserve *HK$'000*	PRC statutory reserves *HK$'000*	Exchange translation reserve *HK$'000*	Accumu-lated losses *HK$'000*	Total *HK$'000*
At 1st January, 2002	800,030	496	15,600	7,337	63,387	2,877	(1,385,108)	(495,381)
Deconsolidation of a subsidiary under liquidation	–	–	–	(7,337)	–	–	–	(7,337)
Transfer to PRC statutory reserve	–	–	–	–	1,035	–	(1,035)	–
Profit for the year	–	–	–	–	–	–	19,676	19,676
At 31st December, 2002	800,030	496	15,600	–	64,422	2,877	(1,366,467)	(483,042)

9. **Immediate controlling shareholder**

The High Court of the Hong Kong Special Administrative Region issued an order for the winding up of China Nonferrous Metals Group (Hong Kong) Limited ("CNMG(HK)"), the immediate controlling shareholder of the Company, on 8th May 2002 and ordered that John Lees and Desmond Chiong be appointed as the liquidators of CNMG(HK) on 19th June 2002. The Company has already requested the liquidators to keep the Company informed of any material development of CNMG(HK) which may have an impact on the Group and the Company. As at the date of this announcement, the Company is not aware of any material development of CNMG(HK) which may have an impact on the Group and the Company.

10. **Going concern basis**

As at 31st December, 2002, the Group had net current liabilities of approximately HK$478,461,000 and deficit on shareholders' funds of approximately HK$351,069,000. In addition, the Group has defaulted on repayment of bank loans of approximately HK$389 million and interest on its bank borrowings of approximately HK$25 million which is recorded under trade payables and accrued charges as at 31st December, 2002. Several banks of the Group have taken various actions including, but not limited to, the issuance of demand notices and writs of summons to request for the repayment of the Group's bank loans of approximately HK$111 million (equivalent to approximately US$14 million). On 27th January 2003, the High Court of the Hong Kong Special Administrative Region made a judgement in the favour of the relevant banks. The relevant banks are now in discussion with other Hong Kong bank creditors regarding the debt restructuring of the Group. In view of the aforementioned factors, there is doubt about the Group's ability to continue as a going concern.

In determining the basis of preparation of the accounts, the directors and management are optimistic about the progress of the Group's debt restructuring. If the Group's restructuring can be successfully implemented, the Group's future operations can be secured. Accordingly, the accounts have been prepared on a going concern basis.

11. **Summary of auditors' report**

Fundamental uncertainty relating to the going concern basis of preparation

In forming their opinion, the auditors considered the adequacy of the disclosures made in the notes to the accounts concerning the Group's default on repayment of its bank borrowings and related interest payable totalling approximately HK$414 million as at 31st December, 2002, whether the debt restructuring will be accepted by its banks and creditors, and can be successfully implemented, and whether the Group will be able to obtain new financing to meet its financial obligations as they fall due. The accounts have been prepared on the going concern basis, the validity of which depends upon future funding being available and the success of the Group's future operations. The accounts do not include any adjustments relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that would result from the failure to obtain such funding and should the Group's future operations not be successful. The auditors considered that appropriate disclosures have been made. However, the auditors considered this fundamental uncertainty to be so extreme that they have disclaimed their opinion in respect of the appropriateness of adopting the going concern basis for the preparation of the accounts.

Qualified opinion: Disclaimer on view given by accounts

Because of the fundamental uncertainty relating to the Company's and the Group's ability to continue as a going concern, the auditors are unable to form an opinion as to whether the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2002 and of the profit and cash flows of the Group for the year then ended. In all other aspects, in their opinion the accounts have been prepared in accordance with the Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

In the year 2002, all aspects of management of the Company showed remarkable improvement. Management team has put more effort in streamlining and reforming works. Administrative costs were strictly controlled and expenses were sharply reduced. However, due to the heavy burden of overdue borrowings, the Company encountered financial difficulties in expanding its trade business. As a result, the Group turnover decreased to HK$876,000,000. During the year, the Group turned from losses to profits, achieving a profit of approximately HK$20,000,000. It was mainly attributable to the reversal of provisions previously made and a gain on deconsolidation of a subsidiary under liquidation.

BUSINESS REVIEW

Trade Business

In the year 2002, due to the drastic decrease in the prices of the Group's major nonferrous metals products and raw materials and the continual fall in the spot price of alumina (a product which the Group has entered into a long term purchase contract) as well as the financial difficulties encountered by the Company, the Group could not start its trading operations as usual. After negotiation with the supplier, certain shipments of alumina under the long term contract can be deferred to the year 2004. The payment of compensation for the loss in relation to the remaining undelivered shipments can also be deferred to the year 2003. From the end of year 2002 onwards, the price of alumina has been rising continuously. In 2003, the Company's alumina trading business has been resumed and started earning profits.

Direct Industrial Investments

During the year, there was no significant improvement in the performance of the Group's industrial investments. Since full provision had already been made for all major, except one, associated companies in previous years, their losses no longer have effect on the Group's result. The Group's share of profit of the remaining enterprises amounted to approximately HK$11,000,000 for the year.

Aluminium Refinery

North China Aluminium Company Limited, 51% owned by the Group, is one of the largest aluminium foil refineries in the PRC. Its products are supplied to the packaging, transportation, home appliances and the publishing sectors. In 2002, its production capacity was about 40,000 tons, representing a slight increase when compared to last year. Its operating results were also improved. A project of total investment cost of HK$185,000,000 for the modernization and upgrade of aluminium cold mill was started in 2002 and expected to be completed in the end of 2003.

The Group operated its aluminium can production and sales business through Zhangzhou International Aluminium Container Company Limited ("Zhangzhou Aluminium"), its 60% owned subsidiary, and Qingdao M.C. Packaging Limited ("Qingdao MC"), its 20% owned associated company. In recent years, supply largely outstripped demand for aluminium cans in the PRC, making the whole industry resulted in losses. In 2002, after discussion and negotiation, major producers of aluminium cans established certain cartel policies to restrict production and reduce competition. The selling price of aluminium cans has already rebounded. Qingdao MC therefore turned from loss into profit.

Copper Refinery and Smelter Business

The Group's primary investment in copper refinery is mainly made through Changzhou Jinyuan Copper Company Limited ("Changzhou Jinyuan"), of which 25% is directly owned by the Group, Changzhou OrienMet Copper Company Limited ("Changzhou OrienMet"), of which 50% is owned by the Group, Yixing Jinfeng Copper Materials Company Limited ("Yixing Jinfeng"), of which 58% is owned by the Group and Shanghai Jing Bao Copper Foil Limited ("Shanghai Jing Bao"), of which 25% is owned by the Group. Changzhou Jinyuan, Changzhou OrienMet, and Yixing Jinfeng engaged in copper wires and copper rods businesses. Shanghai Jing Bao engaged in copper foils business.

Affected by the increase in materials costs and decrease in output's profit margin, Changzhou Jinyuan's net profit decreased by 38%.

Because of cash flow problem, Yixing Jinfeng's turnover sharply decreased and a loss was recorded.

Changzhou OrienMet has been incurring losses for many years. Its operating performance was very unsatisfactory. Its production has been suspended since 2001. The Group had already made full provision for the investments and receivables related to it. However, in order to safeguard the Group's interest, the Group applied to the court in PRC in late 2001 to wind up Changzhou OrienMet with a view to collect the receivables partially and minimize the loss. In March 2002, the court rejected the application. In May 2002, the Group submitted an objection to a higher court. In Oct 2002, the objection was accepted and the case was returned to the original court to handle. The application is still in processing.

Shanghai Jing Bao defaulted in repaying certain bank loans in July 2002. As a result, the court has taken possession of all its fixed assets. In September 2002, its PRC's shareholder, Shanghai Smelter applied to court for a voluntary winding up (i.e. winding up of Shanghai Smelter itself). Shanghai Smelter was declared bankruptcy in November 2002.

However, as the Group had made full provision for the investments in and the receivables from Changzhou OrienMet and Shanghai Jing Bao, and also no guarantee or unfilled capital commitments had been given by the Group, the above situation no longer has impact on the Group's result.

The Group owns 42% and 30% of Yantai Penghui Copper Industry Company Limited ("Yantai Penghui") and Huludao OrienMet Copper Company Limited ("Huludao OrienMet") respectively. In 2002, the supply shortage of copper in PRC and other countries led to an increase in purchasing costs and the continual loss in operation.

Administrative Expenses
During the year, the Group adopted various cost-saving measures, including streamlining of structure and adjustment on payroll, reducing administrative expenses significantly by 27%.

Other Operating Income
Other operating income of approximately HK$53,000,000 was mainly arising from the decrease in various provisions and the gain on deconsolidation of a subsidiary under liquidation.

Decrease in Provision for a Long-term Purchase Contract
In 2001, a provision of approximately HK$56,000,000 was made in respect of a long-term alumina contract. However, as a result of the growing demand and the upswing in the price of alumina in current months, it was expected that positive contribution will be generated from the future shipments of the contract, therefore the remaining unused provision of approximately HK$44,000,000 was written back.

Gain on Deconsolidation of a Subsidiary under Liquidation
Da Hua Non-Ferrous Metals Company Limited ("Da Hua"), a wholly owned subsidiary of the Company, received a winding up order in October 2002 as a result of its default in the settlement of a compensation of approximately HK$21,000,000. The compensation was related to a trading transaction made in 1995.

Since Da Hua has ceased trading for many years and the Company does not have guarantee or unfulfilled capital commitment to it, the liquidation of which would not cause any material adverse impact to the Group. On the contrary, as its net liabilities had already been consolidated into the Group's accounts in previous years, the deconsolidation of Da Hua in current year as a result of its liquidation brought an accounting profit of approximately HK$30,000,000 to the Group.

Interest Expense
During the year, interest expense decreased by 11% because of the fall in interest rates.

Financial Resources and Cash Flow

During the year, the net cash generated by the Group from operating activities amounted to HK$35 million (2001: HK$22 million). The net cash used in investing activities amounted to HK$58 million (2001: HK$33 million). The net cash generated from financing activities amounted to HK$62 million (2001: HK$4 million). The cash and cash deposits of the Group increased by HK$39 million (2001: decreased by HK$6 million).

As at 31st December, 2002, the Group had cash in hand and cash deposits of HK$99,000,000 (all are unpledged except for a Renminbi deposits of HK$3,000,000), of which 27% and 72% were denominated in US dollars and Renminbi respectively, and the remaining was in Hong Kong dollars. The Renminbi deposits of the Group were mainly used for the operations of the industrial investments in the Mainland China, particularly for the modernization and upgrade of the aluminium cold mill. The total investment of the project is approximately HK$185,000,000. A total sum of HK$43,000,000 was already incurred in 2002. It is estimated that the project will be completed in the end of 2003. The remaining investment cost will be financed by bank borrowings and internal funds. As a result of the resumption of the Group's alumina trading business in 2003, the liquidity problem can be gradually improved. During the discussion period of the debt restructuring, on the condition that no repayment of the overdue bank loans and interest is made, the Group can have sufficient funds to meet its daily operation.

As at 31st December, 2002, the Group's total outstanding bank loans amounted to HK$808,000,000 (HK$404,000,000 at floating interest rate and the remaining at fixed interest rate), of which HK$176,000,000 was repayable after one year. Of the total bank loans, 46% was denominated in US dollars and the remainder in Renminbi. The total bank loans increased by HK$48,000,000 when compared to 2001. The increase was mainly from the bank loans in Mainland China. The proceeds were used as working capital and for machinery modernization.

As at 31st December, 2002, the Group's overdue bank loans amounted to approximately HK$389,000,000, which included a syndicated loan of approximately HK$111,000,000. In July 2002, all the bank creditors of the Company in Hong Kong formed a steering committee, with The Hong Kong and Shanghai Banking Corporation Limited ("HSBC") acted as the liaison bank, to consider debt restructuring matters of the Group. In January 2003, the bank creditors of the syndicated loan has obtained a judgement from the court in respect of their claims of a sum of approximately HK$115,000,000 (including loan principal and interest). They are now in discussion with other Hong Kong bank creditors of the Company regarding the debt restructuring. No further legal action has yet been taken. HSBC indicated that the bank creditors are still considering the debt restructuring proposal. However, no further information can be disclosed at the present moment.

The Group's bank loans amounting to HK$389,000,000 were secured by the Group's fixed assets with a net book value of HK$213,000,000 as at 31st December, 2002.

The Group has not entered into any foreign exchange contracts or related hedges as the foreign currency risk exposure is minimal. The Group will continue to adhere to its prudent policy on financial risk management of currency exposures.

Since 31st December, 2001, the Group was in net liabilities, the bank debt to equity ratio, which is measured as total bank loans (net of cash balances) as a proportion of shareholders' equity, has not been presented.

Contingent Liabilities
As at 31st December, 2002, the Company provided corporate guarantees to a financial institution in respect of banking facilities extended to an associated company amounting to approximately HK$24,000,000 (2001: HK$24,000,000). The guarantee is valid up to the end of 2003.

As at 31st December, 2002, the Company had unsettled tax payables in respect of certain properties in the Mainland China which may result in potential additional charges. No provision has been made by the Group since the amount of additional charges, if any, cannot be reliably determined. However, the potential additional charges are not expected to exceed HK$4,000,000 (2001: HK$12,000,000).

Employees
As at 31st December, 2002, the Group employed 2,261 staff (not including the staff of the associated companies). The total staff cost (including the directors' emoluments) for the year was HK$45,000,000. The Group adopted a pay policy in line with market practice, and remuneration was determined with reference to the performance and experience of individual employees. In addition, share option scheme and discretionary bonuses are granted to eligible staff based on their performance.

The Group is also aware of the importance of quality management and specialist expertise as key factors in achieving corporate success. Various forms of professional training are provided to employees at different levels as and when required.

Outlook
Year 2003 is an important year for the development of the Group. The liquidation of the former controlling shareholder is in progress. It is hoped that some progress can be achieved in the determination of the future controlling shareholder of the Company. The prices of nonferrous metals products have gradually recovered and the most encouraging news is that the price of alumina (one of the Group's core trading products) has risen sharply in 2003. The Company will grasp this opportunity to widen the profit of its trading business.

Dividends
The Directors do not recommend the payment of a final dividend for the year.

Closure of book
The Transfer Books and Register of Members will be closed from 27th May, 2003 to 30th May, 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Registrars of the Company, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 26th May, 2003.

Purchase, Sale or Redemption of the Company's Listed Securities
During the year, neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any of the Company's listed securities.

Code of Best Practice
The Company has complied with the Code of Best Practice (the "Code of Best Practice") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout

the year ended 31st December, 2002, except that the Company had not had a minimum of two independent non-executive directors to establish an audit committee for the period from 1st February 2002 to 4th June 2002 pursuant to Paragraph 14 of the Code of Best Practice and also the Non-executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with articles 101 and 85 of the Company's articles of association.

Audit Committee

The Company established an audit committee consisting of two Independent Non-executive Directors with written terms of reference in July 1999 pursuant to the Code of Best Practice. The principal duties of the audit committee include the review and supervision of the Company's financial reporting process and internal controls. During the year, the audit committee held two meetings.

Publication of Detailed Results Announcement on the Stock Exchange's Website

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

By Order of the Board
Xu Huizhong
Director and President

Hong Kong, 17th April, 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Oriental Metals (Holdings) Company Limited ("the Company") will be held at Kowloon Room I, M/F, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on 30th May, 2003 at 3:00 p.m for the following purposes:

1. To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2002:

2. To re-elect the retiring Directors and to authorize the Board of Directors to fix the remuneration of Directors;

3. To appoint Auditors and to authorize the Board of Directors to fix their remuneration;

4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

   "**THAT**

   (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) 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 value of share capital alloted or agreed conditionally or unconditionally to be alloted (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 (i) a Rights Issue (as hereinafter defined) or (ii) an issue of shares upon the exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company shall not exceed 20 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:

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

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by Hong Kong law or the Articles of Association of the Company to be held; and

(iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution; and

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion 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 recognised regulatory body or any stock exchange in, any territory applicable to the Company)."

5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

"**THAT**

(a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase securities of the Company on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the securities of the Company may be listed and is recognised by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited 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 of Hong Kong Limited or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal value of securities of the Company repurchased by the Company pursuant to paragraph (a) above during the Relevant Period shall not exceed 10 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of this Resolution and the authority pursuant to 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 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 Hong Kong law or the Articles of Association of the Company to be held; and

(iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution."

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

"**THAT** power be given to the Directors to add the number of shares purchased by the Company pursuant to the general mandate referred to in Resolution 5 set out in this notice to the 20 per cent general mandate to issue new shares referred to in Resolution 4 set out in this notice."

By Order of the Board
Leung Suet Kam, Lucia
Company Secretary

Hong Kong, 17th April, 2003

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company.

2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the registered office of Computershare Hong Kong Investor Services Limited, the Registrars of the Company, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting.

3. The Transfer Books and Register of Members will be closed from 27th May, 2003 to 30th May, 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the Meeting convened by the above notice, all transfers accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Registrars of the Company, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 26th May, 2003.

4. Concerning Resolution No. 4, the Directors wish to state that they have no immediate plans to issue any new shares in the Company. The Ordinary Resolution is being sought from members as a general mandate in compliance with the provisions of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

5. Concerning Resolution No. 5, there is no immediate plan for the Directors to exercise the right of the Company to repurchase its own shares. The Ordinary Resolution is being sought from members as a general mandate in compliance with the provisions of the Companies Ordinance and the Listing Rules.

"Please also refer to the published version of this announcement in The Standard".