United Pacific Industries

United Pacific Industries Limited

(Incorporated in Bermuda with limited liability)

Year Ended 31 March 2003

Final Results Announcement

Financial Highlights

- Turnover of HK$321 million, down by 12%
- Earning before interest, taxation and depreciation of HK$22 million, up by 57%
- Net loss for the year after deducting other operating expenses and eliminating gain on partial disposal/winding up of subsidiaries had been reduced by HK$3.3 million, on declining sales
- A non-cash item of HK$18 million relating to the write off of certain assets and provision for restructuring expenses had been accounted for in the current year as a result of restructuring the rechargeable battery business
- Net cash of HK$48 million
- Final dividend of HK$0.04 per share

RESULTS

The Board of Directors (the "Directors") of United Pacific Industries Limited ("United Pacific Industries" or the "Company") is pleased to announce the audited consolidated results of United Pacific Industries and its subsidiaries (the "Group") for the year ended 31 March 2003, together with the corresponding comparative figures for the year ended 31 March 2002 as follows:-

	Notes	**2003** *HK$*	**2002** *HK$*
Turnover	2	320,800,357	365,896,068
Cost of sales		(297,383,781)	(340,740,689)
Gross profit		23,416,576	25,155,379
Other operating income	3	7,231,863	7,869,770
Distribution costs		(1,159,385)	(548,903)
Administrative expenses		(32,312,226)	(34,640,874)
Other operating expenses	4	(14,736,481)	(5,971,981)
Loss from operations		(17,559,653)	(8,136,609)
Finance costs	5	(164,045)	(21,521)
Share of results of associates		(523,067)	(7,057,780)
Gain on partial disposal of a subsidiary		3,148,827	—
Impairment losses recognised in respect of interest in associates	6	(982,785)	—
Gain on winding up of subsidiaries		—	1,000,000
Impairment losses recognised in respect of goodwill		—	(372,126)
Loss before taxation		(16,080,723)	(14,588,036)
Taxation	7	(1,725,000)	(127,743)
Loss before minority interests		(17,805,723)	(14,715,779)
Minority interests		(10,094)	225,258
Net loss for the year		(17,815,817)	(14,490,521)
Dividends	8	44,564,672	44,603,072
Loss per share	9	(3.2) cents	(2.6) cents

Notes:

1. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

The results of subsidiaries and associates acquired and disposed of during the year are included in the consolidated income statement from and up to their effective dates of acquisition and disposal respectively.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

2. SEGMENT INFORMATION

The Group's principal activities are manufacture and trading of voltage converters and coils and rechargeable battery products. These two business segments are the basis on which the Group reports its primary segment information. Segment information about these businesses is presented as below:

	Voltage converters and coils	**Rechargeable battery products**	**Elimination**	**Consolidated**
	HK$	*HK$*	*HK$*	*HK$*
For the year ended 31 March 2003				
Turnover				
External sales	286,881,502	33,918,855	—	320,800,357
Inter-segment sales	13,026,340	—	(13,026,340)	—
	299,907,842	33,918,855	(13,026,340)	320,800,357

Inter-segment sales are carried out at cost.

	Voltage converters and coils	**Rechargeable battery products**	**Elimination**	**Consolidated**
Result				
Segment result	10,921,682	(22,627,722)		(11,706,040)
Unallocated corporate expenses				(6,210,279)
Interest income				356,666
Loss from operations				(17,559,653)
Finance costs				(164,045)
Share of results of associates	(523,067)	—		(523,067)
Gain on partial disposal of a subsidiary	—	3,148,827		3,148,827
Impairment losses recognised in respect of interest in associates				(982,785)
Loss before taxation				(16,080,723)
Taxation				(1,725,000)
Loss before minority interests				(17,805,723)
Minority interests				(10,094)
Net loss for the year				(17,815,817)
Other information				
Additions of property, plant and equipment	8,608,535	625,115		9,233,650
Depreciation and amortisation of property, plant and equipment	12,677,282	3,316,051		15,993,333
Loss on disposal of property, plant and equipment	2,435,362	—		2,435,362

	Voltage converters and coils *HK$*	Rechargeable battery products *HK$*	Elimination *HK$*	Consolidated *HK$*
Deficit arising on revaluation of investment properties	1,050,000	—		1,050,000
Write-off of property, plant and equipment	—	7,288,490		7,288,490
Write-off of debtors and prepayments	—	4,230,991		4,230,991
For the year ended 31 March 2002				
Turnover				
External sales	340,665,062	25,231,006	—	365,896,068
Inter-segment sales	4,945,250	—	(4,945,250)	—
	345,610,312	25,231,006	(4,945,250)	365,896,068
Inter-segment sales are carried out at cost.				
Result				
Segment result	3,209,665	(6,613,704)		(3,404,039)
Unallocated corporate expenses				(6,778,080)
Interest income				2,045,510
Loss from operations				(8,136,609)
Finance costs				(21,521)
Share of results of associates	(7,057,780)	—		(7,057,780)
Gain on winding up of subsidiaries				1,000,000
Impairment losses recognised in respect of goodwill				
— segment	(108,708)	(64,978)		(173,686)
— corporate				(198,440)
Loss before taxation				(14,588,036)
Taxation				(127,743)
Loss before minority interests				(14,715,779)
Minority interests				225,258
Net loss for the year				(14,490,521)
Other information				
Additions of property, plant and equipment	8,255,796	778,040		9,033,836
Depreciation and amortisation of property, plant and equipment	14,595,036	3,479,610		18,074,646
Loss on disposal of property, plant and equipment	—	187,718		187,718
Deficit arising on revaluation of investment properties	750,000	—		750,000
Write-off of property, plant and equipment	4,526,725	501,290		5,028,015

Geographical Segments

The Group's operations are located in Mainland China and Hong Kong of the People's Republic of China (the "PRC"). The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods:

	Turnover by geographical market Year ended 31 March,	
	2003	**2002**
	HK$	*HK$*
The PRC		
Mainland China	43,644,474	92,471,945
Hong Kong	81,028,725	40,545,388
	124,673,199	133,017,333
United States of America, South America and Canada	83,719,628	23,928,981
Europe	66,545,997	150,255,545
Malaysia	30,210,906	30,003,410
Asia (excluding the PRC and Malaysia)	15,650,627	28,690,799
	320,800,357	365,896,068

The following is an analysis of the carrying amount of consolidated total assets and additions to property, plant and equipment analysed by the geographical areas in which the assets are located:

	As at 31 March,	
	2003	**2002**
	HK$	*HK$*
Carrying amount of consolidated total assets		
Hong Kong	152,866,248	187,933,610
Mainland China	84,853,372	110,295,260
United States of America	57,531	325,270
	237,777,151	298,554,140

	Year ended 31 March,	
	2003	**2002**
	HK$	*HK$*
Additions to property, plant and equipment		
Mainland China	8,576,567	8,072,691
Hong Kong	657,083	870,400
United States of America	—	90,745
	9,233,650	9,033,836

3. OTHER OPERATING INCOME

	2003	**2002**
	HK$	*HK$*
Included in other income is as follows:		
Interest earned on bank deposits and balances	356,666	2,045,510

4. OTHER OPERATING EXPENSES

The other operating expenses comprise:

	2003 *HK$*	2002 *HK$*
Write-off of property, plant and equipment	7,288,490	5,028,015
Write-off of debtors and prepayments	4,230,991	—
Provision for restructuring expenses	2,167,000	—
Deficit arising on revaluation of investment properties	1,050,000	750,000
Factory relocation and closure expenses	—	193,966
	14,736,481	5,971,981

During the year, the directors decided to restructure certain subsidiaries of the Company. It resulted in the write-off of property, plant and equipment, write-off of debtors and prepayments, and a provision for restructuring expenses of HK$7,288,490, HK$4,230,991 and HK$2,167,000 respectively.

In the previous year, the Group closed certain manufacturing factories in the Mainland China of the PRC to streamline the Group's operations. It resulted in the write-off of property, plant and equipment and factory relocation and closure expenses of HK$5,028,015 and HK$193,966 respectively.

5. FINANCE COSTS

	2003 *HK$*	2002 *HK$*
Interest on:		
Bank borrowings wholly repayable within five years	158,580	21,521
Obligations under finance leases	5,465	—
Total borrowing costs	164,045	21,521

6. INTEREST IN ASSOCIATES

	THE GROUP	
	2003 *HK$*	2002 *HK$*
Share of net assets	4,492,785	5,005,852
Impairment losses recognised	(982,785)	—
	3,510,000	5,005,852

As a result of directors' assessment of the business performance of the associates, impairment losses are recognised to the extent of the shortfall of the estimated recoverable amounts determined by the net selling price of the associates over the carrying value of the interest in associates.

Particulars of the Group's associates at 31 March 2003 are as follows:

Name of associate	**Place of incorporation/ operation**	**Percentage of nominal value of issued capital indirectly held by the Group**	**Principal activities**
Mahan Industrial Co. Limited	Hong Kong	25%	Manufacture of and trading in electrical parts
Optimag Magnetic Limited	Hong Kong	25%	Inactive

7. TAXATION

	2003 *HK$*	**2002** *HK$*
The charge comprises:		
The Company and its subsidiaries:		
Hong Kong Profits Tax		
— current year	900,000	—
— underprovision in prior years	825,000	127,743
	1,725,000	127,743
Share of taxation of an associate	—	—
	1,725,000	127,743

In the current year, the charge represents Hong Kong Profits Tax calculated at 16% of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made in the previous year as the Group incurred a tax loss for that year.

In the opinion of the directors of the Company, a substantial portion of the Group's profit neither arises in, nor is derived from, Hong Kong and, accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax. Furthermore, the subsidiaries of the Company that are operating in the PRC are currently not subject to income tax of the PRC as these companies either operate under assembly and processing arrangements in the PRC or are exempted from income tax for the first two profitable years of operations and, thereafter, are entitled to 50% relief from income tax for the next three years under the tax laws of the PRC.

In May 2003, a tax audit was commenced by the Inland Revenue Department in Hong Kong on certain subsidiaries of the Company in respect of the years of assessment from 1997/98 to 2001/02. In the opinion of the directors of the Company, the outcome of this matters cannot be determined with reasonable certainty at this stage as the tax audit is still in progress. In addition, in the opinion of the directors of the Company, the taxation liabilities have been properly accounted for in respect of these years. Accordingly, no provision has been made in the financial statements in respect of the potential tax liabilities, if any, resulting from the tax audits.

8. **DIVIDENDS**

	2003 *HK$*	**2002** *HK$*
Interim dividend, paid - 4 cents (2002: 8 cents per share)	22,282,336	44,603,072
Final dividend, proposed - 4 cents (2002: nil) per share	22,282,336	—
	44,564,672	44,603,072

The final dividend of 4 cents (2002: nil) per share has been proposed by the directors and subject to approval by the shareholders in general meeting.

9. **LOSS PER SHARE**

The calculation of loss per share is based on the net loss for the year of HK$17,815,817 (2002: loss of HK$14,490,521), and the weighted average of 557,230,778 (2002: 557,538,400) shares in issue during the year.

No diluted loss per share has been presented as the exercise of the Company's outstanding share options would reduce the loss per share for both years.

FINAL CASH DIVIDEND

The directors of the Company resolved to declare a final dividend for the year ended 31 March 2003 of HK$0.04 per share that will be distributed to our shareholders on or before 30 September 2003.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 25 August 2003 to 28 August 2003, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting and who are entitled to any dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Secretaries Limited, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00p.m. on 22 August 2003.

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

During the year, the Company repurchased a total of 480,000 shares on The Stock Exchange of Hong Kong Limited at an aggregate price of HK$93,100.

CORPORATE GOVERNANCE

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Rules governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

FULL DETAILS OF FINANCIAL INFORMATION

All the financial and other information of the Company required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules will be published on the Company's own website and on the website of The Stock Exchange of Hong Kong Limited in due course.

BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the year ended 31 March 2003, with the comparative figures for the corresponding period in 2002.

	2003 *HK$'million*	**2002** *HK$'million*	**Change** *HK$'million*	**Change** *%*
Turnover	321	366	45	12%
Earning before interest, taxation and depreciation	22	14	8	57%
Depreciation and loss on disposal of fixed assets	(18)	(18)	0	0%
Net interest income	—	2	2	N/A
Operating profit (loss)	4	(2)	6	N/A
Share of results of associates and impairment losses recognised in respect of interest in associates	(2)	(7)	5	71%
Other non-operating items	(18)	(6)	12	200%
Loss before taxation	(16)	(15)	1	7%
Taxation and minority interests	(2)	—	2	N/A
Net loss for the year	(18)	(15)	3	20%
Dividends	45	45	0	0%

Group Overview

- The Group's turnover and net loss for the year amounted to HK$321 million and 18 million respectively.
- The Group's earning before interest, taxation and depreciation ("EBITDA") for the year amounted to HK$22 million, an increase of HK$8 million or 57%, against the decrease in turnover by HK$45 million or 12%.
- Consistent with the increase in EBITDA, the Group's operating profit ("earning before loss contributed from associates, other non-operating items, taxation and minority interests") also increased to HK$4 million in current year, up by HK$6 million, against the decrease in turnover.

- During the year, the directors of the Company decided to strategically cease the manufacturing operations of our battery businesses. Accordingly, the non-operating items of HK$18 million (relating to the write off of fixed assets, inventories, debtors and prepayment and provision for restructuring expenses) had been recorded by the Group for the year. As at 31 March 2003, the Group's net asset value in respect of battery operation was HK$1.5 million.

- The Group's financial position remained liquid. As at 31 March 2003, cash and bank balances amounted to HK$59 million. The Group is essentially debt-free, except for certain trade loans amounting to HK$11 million, while the Group's net asset value was HK$191 million, with a healthy current ratio of 355%.

- The directors of the Company resolved to declare a final dividend for the year ended 31 March 2003 of HK$0.04 per share that will be distributed to our shareholders on or before 30 September 2003.

Financial and Operations Review

Voltage Converter and Rechargeable Battery Business Segments

The financial performance of the voltage converter and rechargeable battery business segments fared poorly compared to last year, mainly due to the following:

- Substantial drop in worldwide demand for traditional linear adaptors;

- Pressure from customers to reduce prices across the board;

- Change in the ordering pattern of customers;

- Sluggish recovery of the world economy in the wake of the Iraqi crisis; and

- Initial learning-curve issues associated with diversification of customer base and expansion of product range.

The Group's existing core businesses have faced tremendous pressure from customers worldwide to reduce prices across the board due to a general slow down in sales orders and the continued down-ward slump in global demand for mobile phone and other electrical/electronic products. The global trend of how customers place orders had shifted from a 3 to 6 months rolling forecast to on a "just in time" basis. This had changed our customer ordering pattern and exerted significant pressure for the Group in production and materials requisition planning. As a result, as your management had foreseen, the Group's performance for this year had been adversely affected and is likely to continue in the near to medium term.

Your management's focus is on rebuilding the profitability of the business through a series of important measures, some of which have already been started and helped the Group improve its financial performance. These are:

- Established long-range cost-cutting and financial control measures
- Closed the R&D Centre and Representative Office in Shanghai, and consolidated the actitivities at our Shenzhen facilities
- Strategically ceased the manufacturing operations of our battery business in Shanghai while focusing only on the battery trading activities

Your management is confident that such measures and controls will continue to help the Group stem the worsening impact from negative global market conditions.

We have stream-lined our manufacturing facilities in the PRC and have begun to shift our business focus from an OEM manufacturer of traditional linear adaptors to a provider of electronic/electrical manufacturing services ("EMS"). As the term suggests, an EMS provider has a wide variety of engineering and manufacturing capabilities that can offer a one-stop complete package to customers, e.g. from design through to production, assembly, quality control, packaging and shipping services. The Group's facilities in the PRC are equipped with state-of-the-art design, production, quality control, and R&D technology, machinery and equipment. Our production operations are also capable of multiple functions within the manufacturing process e.g. tooling, moulding, plastic injection, and coil winding, that can enable customers to have all components of their electronic/electrical appliance or product literally created under one roof. Your management is confident that the shift in business focus is the right move forward into the new millennium. Our major customers in the electronics and communications industries continue to merge, consolidate or restructure to drastically reduce cost. They, therefore, now demand a lower-cost, value-for-money alternative to multiple subcontracting, as was the industry practice previously. Electronics giants have completely out-sourced their manufacturing to single EMS providers. We believe that this is the market trend and the process of our own internal change is expected to be completed within the next year or so.

Investment in Climax International Company Limited ("Climax")

Regarding our equity interest in Climax which we had written off completely in 1998, there was no impact on the Group from Climax's results.

As previously reported, our shareholding interest in Climax had been diluted to below 2%. Your management continues to vigilantly monitor market and other opportunities for further disposals of our remaining Climax shares to create value for our shareholders.

A Special Note On The Retirement of Ho Che Kong ("CK Ho") And Leung Wai Chuen ("WC Leung")

The Directors wish to express their considerable thanks to CK Ho, the former Chairman and Group Managing Director, and WC Leung, the former Chief Executive Officer of Pantene for their work and dedication to the Group over a considerable number of years. On behalf of the Company's shareholders we wish them a successful retirement and appreciate their continued service to the group as non-executive directors.

The Year Ahead

- We will continue to focus on cash flow generation through our new business strategy and optimize our resources through the prudent management of our assets and the enforcement of stringent financial control measures.

- Barring unforeseen circumstances, we remain optimistic that the Group will steadily revert to profitability for the long term once global market conditions begin to improve.

- We will actively consider the interests of all our shareholders, recognizing that business conditions have been difficult for them over the last few years. As such, we will take the opportunity of acting to their advantage whenever circumstances arise, including without limitation, disposals, acquisitions, dividends and any other methods of supporting shareholder's value.

By Order of the Board
BRIAN CYRIL BEAZER
Executive Chairman

Hong Kong, 21 July 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of United Pacific Industries Limited (the "Company") will be held at Flat B, 19th Floor, Chai Wan Industrial Centre, 20 Lee Chung Street, Chai Wan, Hong Kong on Thursday, 28 August 2003, at 10:00 am for the following purposes:—

1. To receive and consider the audited financial statements and the respective reports of the directors of the Company ("Directors") and Deloitte Touche Tohmatsu ("Auditors") for the year ended 31 March 2003.

2. To re-elect the following retiring directors:-

   2.1 Peter Fitzgerald Reilly;

   2.2 William Peter Fong; and

   2.3 Ramon Sy Pascual

3. To renew the appointment of the Auditors and to authorise the Directors to determine the Auditors' remuneration.

4. As special business, to consider and, if thought fit, pass with or without modifications the following resolutions as Ordinary Resolutions:—

   A. **"THAT**

   (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of HK$0.10 each 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 (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options 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 alloted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company; or (iii) 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; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the 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 earliest of:

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

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Company's Bye-laws or any applicable laws to be held; and

(iii) the date on which the authority set out in this Resolution is revoked or varied by way of ordinary resolution of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong)."

B. **"THAT**

(a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase shares of HK$0.10 each in the Capital of the Company at such prices as the Directors of the Company at their discretion may determine;

(c) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing 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 earliest of:

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

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Company's Bye-laws or any applicable laws to be held; and

(iii) the date on which the authority set out in this Resolution is revoked or varied by way of ordinary resolution of the Company in general meeting."

C. **"THAT**

conditional upon the passing of the Resolutions A and B set out in item 4 of the notice convening this Meeting, the aggregate nominal amount of the shares in the Company which shall have been repurchased by the Company pursuant to and in accordance with the Resolution B set out in item 4 above shall be added to the aggregate nominal amount of the shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to and in accordance with the Resolution A set out in item 4 above, provided that the amount of share capital repurchased by the Company shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution."

By Order of the Board
Lawrence Oei
Company Secretary

Hong Kong, 21 July 2003

Registered Office:-
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Office in Hong Kong:-
Flat B
19th Floor
Chai Wan Industrial Centre
20 Lee Chung Street
Chai Wan
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or two proxies to attend and, vote in his stead. A proxy need not be a member of the Company.

2. To be valid, a proxy form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Company's principal place of business in Hong Kong, Flat B, 19th Floor, Chai Wan Industrial Centre, 20 Lee Chung Street, Chai Wan, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

3. The Register of Members will be closed from 25 August 2003 to 28 August 2003 (both days inclusive), during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting and who are entitled to any dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Secretaries Limited of G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 22 August 2003.

4. With respect to Resolution A proposed under item 4 above, the Directors wish to state that they have no immediate plans to issue additional new shares of the Company. The Ordinary Resolution is being sought from shareholders as a general mandate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Under the Listing Rules the present general mandate to issue new shares will lapse unless it is renewed at the forthcoming Annual General Meeting.

5. With respect to Resolutions B and C proposed under item 4 above, approval is being sought from shareholders for a general mandate to be given to the Directors to repurchase shares and to issue shares as a result of such repurchases. In accordance with the Listing Rules and the Code on Share Repurchases, an explanatory statement in connection with the general mandate to repurchase shares will be dispatched to the shareholders together with the annual report.

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