



AEON CREDIT SERVICE (ASIA) COMPANY LIMITED

AEON 信貸財務(亞洲)有限公司

(Incorporated in Hong Kong with limited liability)

2002/03 FINAL RESULTS

The Directors of AEON Credit Service (Asia) Company Limited (the “Company”) are pleased to announce the audited results of the Company for the year ended 20 February 2003 (with comparative figures for the previous year) as follows:

INCOME STATEMENT

	Notes	Year ended 20 February		Change %
		2003 HK\$'000	2002 HK\$'000	
Turnover	(a)	789,201	849,205	(7.1)
Interest income		659,026	804,115	(18.0)
Interest expense		(143,864)	(170,798)	(15.8)
Net interest income		515,162	633,317	(18.7)
Credit card securitisation income	(b)	192,192	–	
Other operating income		109,899	78,471	40.1
Other (loss) income		(1,500)	67,734	
Operating income		815,753	779,522	4.6
Operating expenses	(c)	(274,144)	(296,444)	(7.5)
Operating profit before charge for bad and doubtful debts		541,609	483,078	12.1
Charge for bad and doubtful debts		(403,414)	(235,407)	71.4
Profit before taxation		138,195	247,671	
Income tax	(d)	(20,890)	(36,669)	
Net profit for the year		117,305	211,002	(44.4)
Earnings per share	(e)	28.01 cents	50.39 cents	(44.4)
Dividend per share				
Interim		5.00 cents	5.00 cents	
Final		8.00 cents	8.00 cents	
Cost to income ratio		33.6%	38.0%	
Dividend payout ratio		46.4%	25.8%	

BALANCE SHEET

	20 February 2003 HK\$'000	20 February 2002 HK\$'000
Non-current assets		
Property, plant and equipment	85,744	80,240
Interest in associates	10,711	2,246
Investment securities	9,782	10,224
Hire purchase debtors	19,802	44,166
Instalment loans receivable	59,259	35,002
Retained interests in securitisation trust	231,984	–
Pledged time deposits	100,494	120,774
	<u>517,776</u>	<u>292,652</u>
Current assets		
Other investments	383	39,040
Hire purchase debtors	196,284	237,375
Instalment loans receivable	279,818	254,021
Credit card receivables	1,085,708	2,204,963
Retained interests in securitisation trust	500,630	–
Prepayments, deposits, interest receivable and other debtors	124,344	162,069
Pledged time deposits	6,000	11,070
Time deposits	153,580	6,700
Bank balances and cash	82,429	87,453
	<u>2,429,176</u>	<u>3,002,691</u>
Current liabilities		
Creditors and accrued charges	33,305	46,094
Amount due to securitisation trust	31,136	–
Amount due to immediate holding company	11	63
Amount due to a fellow subsidiary	32,928	42,499
Amount due to ultimate holding company	47	46
Issued debt securities	326,713	–
Bank borrowings – repayable within one year	651,245	519,746
Taxation	861	9,007
	<u>1,076,246</u>	<u>617,455</u>
Net current assets	<u>1,352,930</u>	<u>2,385,236</u>
Total assets less current liabilities	<u>1,870,706</u>	<u>2,677,888</u>
Capital and reserves		
Issued capital	41,877	41,877
Share premium and reserves	1,076,828	1,013,960
	<u>1,118,705</u>	<u>1,055,837</u>
Non-current liabilities		
Bank borrowings – repayable after one year	750,000	1,090,000
Issued debt securities	–	524,054
Deferred taxation	2,001	7,997
	<u>752,001</u>	<u>1,622,051</u>
	<u>1,870,706</u>	<u>2,677,888</u>

Notes:

(a) Turnover

Turnover represents interest income, annual fees and commission income received and receivable from credit finance services provided to outside customers and investment income from the seller and subordinated interests in securitisation trust received during the year. Turnover is analysed as follows:

	Year ended 20 February	
	2003	2002
	HK\$'000	HK\$'000
Interest income	659,026	804,115
Fees and commissions	37,786	45,090
Investment income from the seller and subordinated interests in securitisation trust	92,389	—
	789,201	849,205

(b) Credit card securitisation income

Credit card securitisation income represents the combined effect of gains on sales of credit card receivables, investment income from the seller and subordinated interests in securitisation trust and unrealised gains and losses on the interest-only strips and cash reserve account in the securitisation trust.

(c) Operating expenses

Included in operating expenses is depreciation of HK\$25,931,000 (2002: HK\$26,082,000).

(d) Income tax

	Year ended 20 February	
	2003	2002
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax calculated at 16% (2002: 16%) of the estimated assessable profit	26,886	32,272
Deferred taxation	(5,996)	4,397
	20,890	36,669

(e) Earnings per share

The calculation of earnings per share is based on the net profit for the year of HK\$117,305,000 (2002: HK\$211,002,000) and on the number of 418,766,000 (2002: 418,766,000) shares in issue during the year.

SUPPLEMENTARY INFORMATION

(1) Business and geographical segments

(i) Business segments

For management purposes, the Company is currently organised into three operating divisions – credit card, hire purchase and instalment loan. These divisions are the basis on which the Company reports its primary segment information.

Principal activities are as follows:

Credit card	–	Provide credit card services to individuals and acquiring services for member-stores
Hire purchase	–	Provide vehicle financing and hire purchase financing for household products and other consumer products to individuals
Instalment loan	–	Provide personal loan financing to individuals

Segment information about these businesses is presented below:

2003

	Credit card <i>HK\$'000</i>	Hire purchase <i>HK\$'000</i>	Instalment loan <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Combined <i>HK\$'000</i>
INCOME STATEMENT					
TURNOVER	<u>669,736</u>	<u>26,995</u>	<u>83,487</u>	<u>8,983</u>	<u>789,201</u>
RESULT					
Net interest income	461,496	(4,161)	64,987	(7,160)	515,162
Credit card securitisation income	192,192	–	–	–	192,192
Other operating income	52,550	21,091	1,512	34,746	109,899
Other loss	–	–	–	(1,500)	(1,500)
Charge for bad and doubtful debts	<u>(318,418)</u>	<u>(12,364)</u>	<u>(72,632)</u>	<u>–</u>	<u>(403,414)</u>
Segment results	<u>387,820</u>	<u>4,566</u>	<u>(6,133)</u>	<u>26,086</u>	<u>412,339</u>
Unallocated operating expenses					<u>(274,144)</u>
Profit before taxation					<u>138,195</u>
BALANCE SHEET					
ASSETS					
Total assets	<u>1,988,875</u>	<u>216,672</u>	<u>351,324</u>	<u>390,081</u>	<u>2,946,952</u>
LIABILITIES					
Total liabilities	<u>1,240,029</u>	<u>164,694</u>	<u>211,064</u>	<u>212,460</u>	<u>1,828,247</u>

2002

	Credit card <i>HK\$'000</i>	Hire purchase <i>HK\$'000</i>	Instalment loan <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Combined <i>HK\$'000</i>
INCOME STATEMENT					
TURNOVER	<u>722,892</u>	<u>39,073</u>	<u>77,742</u>	<u>9,498</u>	<u>849,205</u>
RESULT					
Net interest income	574,983	2,078	61,777	(5,521)	633,317
Other operating income	48,220	25,314	3,801	1,136	78,471
Other income	–	–	–	67,734	67,734
Charge for bad and doubtful debts	<u>(203,160)</u>	<u>(4,739)</u>	<u>(27,508)</u>	<u>–</u>	<u>(235,407)</u>
Segment results	<u>420,043</u>	<u>22,653</u>	<u>38,070</u>	<u>63,349</u>	<u>544,115</u>
Unallocated operating expenses					<u>(296,444)</u>
Profit before taxation					<u>247,671</u>
BALANCE SHEET					
ASSETS					
Total assets	<u>2,428,976</u>	<u>282,573</u>	<u>297,875</u>	<u>285,919</u>	<u>3,295,343</u>
LIABILITIES					
Total liabilities	<u>1,612,636</u>	<u>233,023</u>	<u>179,761</u>	<u>214,086</u>	<u>2,239,506</u>

(ii) *Geographical segments*

All the Company's interest income, fee and commission income and profit are derived from operations carried out in Hong Kong.

(2) **Hire purchase debtors**

	20 February 2003 <i>HK\$'000</i>	20 February 2002 <i>HK\$'000</i>
Due:		
Within one year	204,097	239,164
In the second to fifth year inclusive	20,931	45,040
	<u>225,028</u>	<u>284,204</u>
Allowance for bad and doubtful debts	(8,942)	(2,663)
	<u>216,086</u>	<u>281,541</u>
Current portion included under current assets	(196,284)	(237,375)
	<u>19,802</u>	<u>44,166</u>

(3) Instalment loans receivable

	20 February 2003 HK\$'000	20 February 2002 HK\$'000
Due:		
Within one year	310,091	265,767
In the second to fifth year inclusive	65,670	36,620
	375,761	302,387
Allowance for bad and doubtful debts	(36,684)	(13,364)
	339,077	289,023
Current portion included under current assets	(279,818)	(254,021)
	59,259	35,002

(4) Credit card receivables

	20 February 2003 HK\$'000	20 February 2002 HK\$'000
Credit card receivables	1,275,944	2,337,615
Allowance for bad and doubtful debts	(190,236)	(132,652)
	1,085,708	2,204,963

(5) Overdue debtor balance

Set out below is an analysis of debtor balance of hire purchase debtors, instalment loans receivable and credit card receivables which is overdue for more than 1 month:

	20 February 2003		20 August 2002		20 February 2002	
	<i>HK\$'000</i>	<i>%*</i>	(Unaudited)		<i>HK\$'000</i>	<i>%*</i>
	<i>HK\$'000</i>	<i>%*</i>	<i>HK\$'000</i>	<i>%*</i>	<i>HK\$'000</i>	<i>%*</i>
Overdue 1 month but less than 2 months	176,250	9.4	200,567	6.9	116,692	4.0
Overdue 2 months but less than 3 months	34,420	1.8	16,148	0.5	32,177	1.1
Overdue 3 months or above	129,332	6.9	149,063	5.1	127,444	4.3
	340,002	18.1	365,778	12.5	276,313	9.4

* *Percentage of total debtor balance*

In calculating the percentage of overdue debtor balance to total debtor balance as at 20 February 2003, the credit card receivables transferred to the securitisation trust have been excluded.

(6) Pledge of Assets

- (a) At 20 February 2003, the Company's issued debt securities were secured by credit card receivables of HK\$550,167,000 (2002: HK\$663,813,000).
- (b) At 20 February 2003, the Company's bank facilities of HK\$200,000,000 (2002: HK\$200,000,000) were secured by hire purchase debtors of HK\$102,854,000 (2002: HK\$214,014,000). At 20 February 2003, HK\$50,000,000 (2002: HK\$130,000,000) out of the total was utilised by the Company.
- (c) The pledged time deposits include special deposits amounting to HK\$100,494,000 (2002: HK\$100,494,000) maintained pursuant to the terms of the securitisation agreements for the issued debt securities. In 2002, the remaining balance of HK\$20,280,000 represents a pledge to a licensor of a credit card to secure a credit card license granted to the Company.
- (d) The Company also pledged time deposits of HK\$6,000,000 (2002: HK\$11,070,000) to banks to secure the short-term general banking facilities and the sharing of ATM network.

(7) Financial Instruments

(a) Derivatives

Derivatives refer to financial contracts whose values depend on the values of one or more underlying assets or indices.

At the balance sheet date, the contractual or notional amounts of each significant class of derivatives for the Company entered into for hedging purposes with financial institutions are summarised as follows:

	20 February 2003	20 February 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest rate contracts:		
Swaps	440,000	480,000
Caps	570,000	570,000
Exchange rate contracts:		
Swaps	–	65,000
	<u>1,010,000</u>	<u>1,115,000</u>

The contractual or notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts of risk.

- (b) The credit risk on derivative financial instruments is limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agents.

- (c) As a result of the securitisation transaction entered in September 2002, the Company has entered into forward contracts with Nihon (Hong Kong) Company Limited, a special purpose entity (a “SPE”) incorporated in Hong Kong formed for the sole purpose of the transaction, to sell credit card receivables to the SPE from time to time in accordance with the terms of the agreement.

FINAL DIVIDEND

The Directors will recommend at the forthcoming Annual General Meeting to be held on 19 June 2003 the payment of a final dividend of 8.0 HK cents per share. This final dividend, if approved, will be paid on or before Thursday, 10 July 2003 to shareholders whose names appear on the Register of Members of the Company on Thursday, 19 June 2003.

Together with the interim dividend of 5.0 HK cents per share, the total dividend per share for the year is 13.0 HK cents, representing a dividend payout ratio of 46.4%.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 13 June 2003 to Thursday, 19 June 2003, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of share accompanied by the relevant share certificates must be lodged with the Company’s Share Registrars, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 12 June 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The operating environment in Hong Kong remained tough last year, with a continuous high unemployment rate, a plunge in property prices, deflation in asset value and a record personal bankruptcy cases. As a result, there was a significant increase in the charge-off for credit cards. At the same time, credit demand in the consumer finance field continued to fall and industry competition became fierce.

Against this cloudy market, the Company recorded a drop in its financial results when compared with those of 2001/02. Net profit for the year amounted to HK\$117.3 million, a drop of 44.4% against that of the previous year. At the operating level, the Company recorded an increase in operating profit before allowances by 12.1% from HK\$483.1 million in 2001/02 to HK\$541.6 million in 2002/03. Earnings per share decreased by 44.4% from 50.39 HK cents to 28.01 HK cents in 2002/03. Net asset value as at 20 February 2003 amounted to HK\$2.7 per share, an increase of 6.0%.

Operating income before interest expenses for the year was HK\$959.6 million, an increase of 1.0% when compared with HK\$950.3 million in 2001/02. Under the new securitisation program backed by credit card receivables entered in September 2002, the Company is required to sell from time to time certain designated credit card receivables to a special purpose entity. Interest income and fees and commissions of these credit card receivables will be distributed back to the Company in the form of investment income from the seller and subordinated interests in the securitisation trust. Interest income decreased by 18.0% to HK\$659.0 million, and with the drop in interest expense by 15.8% to HK\$143.9 million, the Company’s net interest income recorded a drop of 18.7% to HK\$515.2 million.

The Company recorded securitisation income of HK\$192.2 million in 2002/03, representing the gains on sale of credit card receivables, investment income from the seller and subordinated interests and unrealised gains on interest-only strips. Other operating income increased by 40.1% to HK\$109.9 million from HK\$78.5 million in 2001/02, mainly resulted from the services fee on credit card securitisation and the gain on disposal of investment securities and other investments. During the year, the Company exercised stringent cost control and implemented cost reduction programs such as closing down street level branches, cutting back in staff number and advertising expenses, which resulted in a further drop of cost to income ratio to 33.6%.

During the year, the Company's charge for bad and doubtful debts increased sharply by 71.4% or HK\$168.0 million to HK\$403.4 million from HK\$235.4 million in the previous year. Considering the murky economic prospects and the high level of personal bankruptcies, the Company increased the amount of allowance for bad and doubtful debts. Allowance for bad and doubtful debts amounted to HK\$235.9 million as at 20 February 2003, an increase of HK\$87.2 million when compared with previous year and representing 12.6% of total outstanding receivables.

With the transfer of credit card receivables to a special purpose vehicle under the new securitisation program, total debtor balance as at 20 February 2003 was HK\$1,876.7 million, when compared with HK\$2,924.2 million as at 20 February 2002. Instead, the Company had retained interests in the securitisation trust in the forms of seller interest, subordinated interest, interest-only strips and cash reserve account amounting to HK\$732.6 million. As at 20 February 2003, the Company had bank borrowings amounted to HK\$1,401.2 million and HK\$326.7 million issued debt securities backed by credit card receivables. Shareholders' funds were strengthened by 6.0% to HK\$1,118.7 million as at 20 February 2003 mainly due to the increase in retained earnings.

Review of Operation

The Company had implemented various measures to tackle the increase in bankruptcy cases and carried out branch restructuring exercise to tighten up its control on cost, especially on rental and branch-related expenses. At the same time, to strengthen its preventive measures on default risk, the Company continued to enhance its infrastructure on application channel and fraud detection.

To maintain the quality of new members, instead of recruiting members through street level branches, members were recruited through affinity member-stores. Moreover, the implementation of the auto-judgment system had improved the judgment accuracy due to the standardisation of the approval process. To further control the credit risk, the Company analysed the utilisation history of the delinquent customers and applied the findings to its credit judgment process for new and existing customers. With the outdoor visit collection activities carried out by its outdoor visit team, the Company was able to take prompt collection actions on risk-identified customers at the earliest opportunity. In addition, the Company had set up a special account control team to recover amounts due under long outstanding delinquent and written-off accounts.

During the year, the Company carried out branch restructuring exercise along with the change in its members recruitment strategy, resulting in the closure of 14 street-level branches and merger of some of the branches. The operation in the head office was also streamlined to increase efficiency and productivity which included the shifting of collection activities and customer service to the Shenzhen call center. As a result, the number of staff had reduced by 54. The cost reduction exercise would be expected to continue in the coming year.

On credit card business, the Company continued to partner with different affinity member-stores to issue new credit cards. The newly launched AEON Watami Visa Card, AEON Jusco Visa Card and AEON Mega Warehouse MasterCard were aimed at our inactive customers to stimulate usage so as to increase the overall active ratio. We plan to issue at least three affinity cards in the coming year.

On China development, the Shenzhen call center has been providing support to our collection, tele-marketing and customer service operation since 2000. Last year, it started to provide consultancy services to third parties on hire purchase financing and accounts management. The know-how and experience gained from the Shenzhen call center will be useful for our entry into the consumer finance business in the future.

Prospect

With the unstable political situation in the Middle East, the outbreak of atypical pneumonia in Hong Kong coupled with the increase in tax rates and the launching of positive credit data sharing in the second half, Year 2003 is expected to remain a tough operating year for consumer finance business. Notwithstanding all these challenges and uncertainties, the Company will continue to reinforce its foundation and prepare for further business growth. In Year 2003, the Company aims to accomplish three main tasks, namely to improve the quality of core business, to implement a low cost operation and to explore a new source of revenue.

The Company will strengthen its co-operation with Jusco stores to boost its credit card sales. With the existing customer database, the Company will launch marketing programs like summer sale, AEON Card Festival and discount coupon to increase its credit purchase transactions. In launching these programs, the Company will be able to differentiate cash advance customers from credit purchase transactors. With these available data, the Company will launch loyalty programs to retain quality customers while at the same time to boost up credit purchase sales. In addition, the Company will partner with other service providers to promote recurrent transactions like mobile bill payment and insurance premium payment through AEON credit cards which provides convenience to the customers while increasing the card active ratio. Following the joint promotion programs on the usage of cash dispensing machines inside convenience stores, other programs to boost cash advance transactions will be launched to target sleeping and inactive customers and also to convert non AEON-cardholders to become our members.

Different discount programs will be launched within the Company's merchant network to boost up hire purchase sales. As female customers comprise the bulk of our customer database and are generally considered to have lower credit risks, the Company will line up with merchants in the fields of interior design, fashion and cosmetics and use hire purchase to capture this customer segment progressively.

On personal loan business, the Company will develop different purpose loan products to satisfy the different demand in the market and at the same time to attract quality customer database.

The Company plans to increase the number of cash dispensing machines from 270 to 290. New machines will be installed along the West Rail Line and also inside convenience stores.

On customer quality, following the launch of positive credit data sharing in the second half, the Company will be able to obtain more information on new applications which will be incorporated into the auto-judgment system to enable the Company to arrive at a more accurate credit judgment. By offering minimal credit limit, the management believes that there is room to grow the receivables even though keen competition will intensify after the launch of positive credit data sharing.

The Company will ride on its existing customer database to move into insurance agency business, selling tailor-made insurance products through its call center and branch network and thereby generating a new source of revenue to the Company.

With China being admitted to the World Trade Organisation, the Company is actively exploring different scenarios to enter the consumer finance business in China. The Shenzhen call center offers a solid foundation for our operation in China and with the plan to set up another branch in Guangzhou, the Company intends to establish its base in the Guangdong Province for future expansion.

LIQUIDITY AND FINANCIAL RESOURCES

The Company generally finances its business needs with internal cash flows and long term bank borrowings. As at 20 February 2003, the Company had net current assets of HK\$1,352.9 million. Out of the total borrowings of HK\$1,727.9 million, HK\$750.0 million is the long-term portion.

The Company has further strengthened its financial position as compared with 2001/02. As at 20 February 2003, total debt-to-equity ratio improved to 1.6 from 2.1 in 2001/02. Taking into account the financial resources available to the Company including internally generated funds and available banking facilities, the Company has sufficient working capital to meet its present requirements.

HUMAN RESOURCES

The total number of staff as at 20 February 2003 and 20 February 2002 was 286 and 340 respectively. A series of programs is in place to retain quality staff and to realise employees' career potential. The Company will continue to put emphasis on staff training and development, with training being provided on both new product knowledge and servicing skills. The Company is well positioned to face the challenges ahead with a resilient and dedicated workforce.

CHANGE IN DIRECTORSHIP

Mr. Takuya Morikawa has resigned as executive director of the Company on 25 April 2003. On behalf of the Board, I would like to thank Mr. Morikawa for his contribution to the Company.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the year ended 20 February 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that the non-executive directors are not appointed for specific terms. They are subject to retirement and re-election at the annual general meeting of the Company in accordance with Article 101 of the Company's Articles of Association.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, there was no purchase, sale or redemption by the Company of its listed securities.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

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

By order of the Board
MASANORI KOSAKA
Managing Director

Hong Kong, 25 April 2003

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 20 February				2003
	1999	2000	2001	2002	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net profit for the year	146,390	180,020	210,004	211,002	117,305
Earnings per share (cents)	34.95	42.99	50.15	50.39	28.01

ASSETS AND LIABILITIES

	20 February				2003
	1999	2000	2001	2002	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	2,654,482	2,988,813	3,154,914	3,295,343	2,946,952
Total liabilities	2,055,957	2,252,145	2,255,639	2,239,506	1,828,247
Shareholders' funds	598,525	736,668	899,275	1,055,837	1,118,705

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2003 Annual General Meeting of AEON Credit Service (Asia) Company Limited (the "Company") will be held at Marriott Ballroom, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 19 June 2003 at 11:30 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 20 February 2003.
2. To declare a Final Dividend for the year ended 20 February 2003.
3. To re-elect Directors and authorise the Board of Directors to fix their remuneration.

4. To re-appoint Auditors and authorise the Board of Directors to fix their remuneration.

To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

5. **“THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares, and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and 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 allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below), (ii) the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares, (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 its subsidiaries of shares or rights to acquire shares of the Company and (iv) any scrip dividend scheme or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares in accordance with the articles of association 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 earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by 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.

“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 applicable to the Company).”

6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all 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 on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Listing Rules as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which the Company is authorised to repurchase 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 at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by 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.”

7. “**THAT** conditional upon the passing of Resolutions 5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to issue and dispose of additional shares pursuant to Resolution 5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 6 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution.”

By Order of the Board
KOH Yik Kung
Company Secretary

Hong Kong, 25 April 2003

Notes:

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the office of the Company’s Share Registrars, Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (3) The Register of Members of the Company will be closed from Friday, 13 June 2003 to Thursday, 19 June 2003 (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the final dividend to be approved at the annual general meeting, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company’s Share Registrars, Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on Thursday, 12 June 2003.
- (4) A circular containing further details regarding Resolutions 5 to 7 above will be sent to members shortly.

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