

## ANNOUNCEMENT OF 2002 GROUP RESULTS

	Year ended 31st Dec., 2002	Year ended 31st Dec., 2001	
	HK\$'M	HK\$'M	
<b>TURNOVER</b> (Note 1)	1,365.0	1,952.1	
<b>Cost of sales</b>	<u>(969.2)</u>	<u>(1,623.4)</u>	
<b>Gross profit</b>	395.8	328.7	
<b>Other revenue</b> (Note 3)	34.9	152.7	
<b>Gain on settlement of exchangeable bonds and convertible bonds</b>	2,102.4	—	
<b>Administrative expenses</b>	<u>(118.0)</u>	<u>(152.2)</u>	
<b>Other operating expenses</b> (Note 4)	<u>(275.7)</u>	<u>(230.2)</u>	
<b>Provisions for write-downs and impairments, net</b> (Note 5)	<u>(656.6)</u>	<u>(1,367.3)</u>	
<b>Impairment of an overseas hotel property attributable to discontinuing operation</b>	(437.0)	—	
<b>Impairment of hotel properties</b>	<u>(181.9)</u>	<u>—</u>	
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b> (Note 1)	863.9	(1,268.3)	
<b>Finance costs</b> (Note 7)	<u>(623.6)</u>	<u>(872.2)</u>	
<b>Share of profits less losses of:</b>			
Jointly controlled entity	—	(90.9)	
Associates	<u>(19.5)</u>	<u>(6.5)</u>	
<b>PROFIT/(LOSS) BEFORE TAX</b>	220.8	(2,237.9)	
<b>Tax</b> (Note 8)	<u>1.0</u>	<u>3.7</u>	
<b>PROFIT/(LOSS) BEFORE MINORITY INTERESTS</b>	221.8	(2,234.2)	
<b>Minority interests</b>	<u>(293.3)</u>	<u>583.5</u>	
<b>NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>	<u>(71.5)</u>	<u>(1,650.7)</u>	
<b>Loss per share</b> (Note 9)			
Basic	<u>HK\$(0.02)</u>	<u>HK\$(0.50)</u>	
Diluted	<u>N/A</u>	<u>N/A</u>	
<b>Net asset value per share as at year end date</b>	<u>N/A</u>	<u>N/A</u>	

**Notes:**

1. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- the property development and investment segment comprises of the development and sale of properties and the leasing of office and commercial premises;
- the property management segment is engaged in the provision of property management services;
- the construction and construction-related segment is engaged in construction works and construction-related businesses, including the provision of development consultancy and project management services;
- the hotel ownership and management segment is engaged in hotel operations and the provision of hotel management services;
- the brewery operations segment represents the Group's brewery operations in the Mainland China; and
- the other segments mainly comprise the Group's securities trading, financing, travel services, restaurant operations, florist and wedding services.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

1. SEGMENT INFORMATION (cont'd)

(a) Business segments

The following table presents revenue and profit/(loss) information for the Group's business segments. Group

	Property development and investment		Property management		Construction and construction-related businesses		Hotel ownership and management		Brewery operations		Others		Eliminations		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue:																
Sales to external customers	150.0	302.4	23.0	22.5	202.9	558.0	964.7	1,001.5	17.3	19.9	7.1	47.8	—	—	1,365.0	1,952.1
Intersegment sales	21.0	66.9	1.1	1.6	4.7	22.6	0.4	0.9	—	—	13.6	16.0	(40.8)	(108.0)	—	—
Total	<u>171.0</u>	<u>369.3</u>	<u>24.1</u>	<u>24.1</u>	<u>207.6</u>	<u>580.6</u>	<u>965.1</u>	<u>1,002.4</u>	<u>17.3</u>	<u>19.9</u>	<u>20.7</u>	<u>63.8</u>	<u>(40.8)</u>	<u>(108.0)</u>	<u>1,365.0</u>	<u>1,952.1</u>
Segment results	<u>(71.4)</u>	<u>(364.9)</u>	<u>16.6</u>	<u>17.5</u>	<u>5.5</u>	<u>3.1</u>	<u>(941.5)</u>	<u>(577.1)</u>	<u>(16.4)</u>	<u>(69.0)</u>	<u>(1.7)</u>	<u>(36.2)</u>	<u>(5.1)</u>	<u>(46.9)</u>	<u>(1,014.0)</u>	<u>(1,073.5)</u>
Interest income and unallocated non-operating and corporate gains															#2,128.3	125.0
Unallocated non-operating and corporate expenses															(250.4)	(319.8)
Profit/(Loss) from operating activities															863.9	(1,268.3)
Finance costs															(623.6)	(872.2)
Share of profits less losses of:																
Jointly controlled entity		(90.9)														(90.9)
Associates							(0.7)					(6.5)				(6.5)
Profit/(Loss) before tax															220.8	(2,237.9)
Tax															1.0	3.7
Profit/(Loss) before minority interests															221.8	(2,234.2)
Minority interests															(293.3)	583.5
Net loss from ordinary activities attributable to shareholders															<u>(71.5)</u>	<u>(1,650.7)</u>

# Inclusive of a gain on the settlement of exchangeable bonds and convertible bonds amounting to HK\$2,102.4 million.

\* Inclusive of a write back of provision against a loan receivable amounting to HK\$19.1 million (Note 5).

(b) Geographical segments

The following table presents revenue information for the Group's geographical segments. Group

	Hong Kong		Canada		Mainland China		Eliminations		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue:										
Sales to external customers	1,258.6	1,834.7	88.6	95.6	17.8	21.8	—	—	1,365.0	1,952.1

2. DISCONTINUING OPERATION

The turnover, expenses and results from the discontinuing operation in respect of the Regal group's hotel operation in Canada for the years ended 31st December, 2002 and the 2001 are as follows:

	2002 HK\$'M	2001 HK\$'M
<b>TURNOVER</b>	88.6	95.6
Cost of sales	<u>(87.4)</u>	<u>(91.4)</u>
Gross profit	1.2	4.2
Administrative expenses	<u>(3.5)</u>	<u>(3.8)</u>
Other operating expenses	<u>(2.3)</u>	<u>(2.7)</u>
<b>LOSS FROM OPERATING ACTIVITIES</b>	(4.6)	(2.3)
Finance costs	<u>(6.4)</u>	<u>(10.0)</u>
<b>NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>	<u>(11.0)</u>	<u>(12.3)</u>

3. Other revenue include the following major items:

	2002 HK\$'M	2001 HK\$'M
Interest income	15.9	56.5
Dividend income	1.0	3.4
Gain on disposal of an associate	6.5	—
Profit on disposal of ordinary shares in a listed subsidiary company arising from exchange of exchangeable bonds	—	64.7
Gain on repurchase and cancellation of convertible bonds	—	13.4

4. Other operating expenses include the following major items:

	2002 HK\$'M	2001 HK\$'M
Depreciation	51.6	61.2
Loss on disposal of ordinary shares in a listed subsidiary company	56.6	8.5
Loss on disposal of an investment property	35.6	—
Loss on disposal of long term unlisted investments (after a transfer from the revaluation reserve of a deficit of HK\$1.2 million)	95.0	—
Loss on disposal of long term listed investments (after a transfer from the revaluation reserve of a deficit of HK\$2.2 million (2001 - HK\$140.4 million))	<u>2.2</u>	<u>142.6</u>

5. Provisions for write-downs and impairments, net, represent the following items:

	2002 HK\$'M	2001 HK\$'M
Write-down in values of properties	67.4	61.9
Impairment of fixed assets	—	50.8
Impairment of long term investments	62.0	180.0
Impairment of long term investments previously eliminated against long term investment revaluation reserve	15.0	—
Impairment of intangible assets	2.3	—
Provisions against other loans, promissory notes and interest receivable	—	75.6
Deficit on revaluation of hotel properties	528.9	710.4
Write back of provision against a loan receivable	(19.1)	—
Deficit on revaluation of investment properties	0.1	288.6
	<u>656.6</u>	<u>1,367.3</u>

6. An analysis of profit/(loss) on sale of investments or properties of the Group is as follows:

	2002 HK\$'M	2001 HK\$'M
Loss on disposal of listed investments, net	(58.8)	(143.4)
Profit/(Loss) on sale of properties	<u>(35.6)</u>	<u>0.3</u>

7. Included in the Group's finance costs is an amount of HK\$12.3 million (2001 - HK\$16.5 million) representing the amortisation of loan costs.

8. The provision for Hong Kong profits tax, including the Group's share of provision of tax for an associate amounted to HK\$0.1 million (2001 - HK\$0.2 million), has been calculated by applying the applicable tax rate of 16% (2001 - 16%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

Taxes on the profits of subsidiary companies and associates operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate, based on existing legislation, practices and interpretations thereof.

No provision for tax is required for the jointly controlled entity as no assessable profits was earned by the jointly controlled entity during the year (2001 - nil).

9. The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$71.5 million (2001 - HK\$1,650.7 million) and on the weighted average of 3,649.1 million (2001 - 3,326.8 million) shares of the Company in issue during the year.

No diluted loss per share is presented for the years ended 31st December, 2001 and 2002 as no diluting events existed during the years.

10. For the year under review, a total amount of HK\$50.4 million (2001 - HK\$4.5 million) was transferred from reserves to accumulated losses.

11. Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any listed securities of the Company during the year under review.

## SUMMARY OF AUDITORS' REPORT

### Fundamental uncertainties

#### Provision against investments in two investee companies

- The Auditors, in forming their opinion, have considered the adequacy of the disclosures made in the financial statements for the year ended 31st December, 2002 concerning the outcome of the negotiations with the relevant government authorities in the People's Republic of China in respect of the resumption of a land site beneficially and collectively held by two investee companies (the "Investee Companies") during 2002. The carrying value of the Group's investments in the Investee Companies amounted to HK\$56.9 million as at 31st December, 2002 (2001 - HK\$118.9 million) which is included in long term investments under non-current assets. The Directors are still unable to determine at this stage with reasonable certainty the ultimate outcome of the negotiations for the reversion of the land site to the Investee Companies and hence any further provision required to be made against the Group's investments in the Investee Companies. The Auditors consider that appropriate disclosures have been made and their opinion is not qualified in this respect.

#### Provision against a receivable

- The Auditors, in forming their opinion, have considered the adequacy of the disclosures made in the financial statements concerning the outcome in respect of a receivable of approximately HK\$400.1 million as at 31st December, 2002 included in debtors, deposits and prepayments under current assets. The receivable comprised (i) deferred consideration of US\$45.0 million (approximately HK\$351.0 million) (the "Deferred Consideration") which arose in connection with the disposal by Regal Hotels International Holdings Limited ("Regal"), the listed hotel subsidiary company of Paliburg, of its hotel interests in the United States of America in December 1999 (the "Disposal"); and (ii) certain interest aggregating HK\$49.1 million accrued thereon at 7% per annum (collectively, the "Consideration Receivable"). Under the Disposal agreement, the Deferred Consideration and the interest accrued thereon were due to be paid by the purchaser (the "Purchaser") on 17th December, 2001. The Auditors refer to a note to the financial statements, which explains that Regal has agreed under the Disposal agreement to indemnify the Purchaser for third party claims arising from events occurring before the completion of the Disposal in December 1999 (the "Pre-closing Liabilities"). While most of the claims for the Pre-closing Liabilities so far notified by the Purchaser to Regal have been resolved and the aggregate amount of such remaining Pre-closing Liabilities claims has been reduced to significantly below the Deferred Consideration, the Purchaser has withheld payment of any or all of the Consideration Receivable on the ground that Regal has failed to provide adequate assurance for any future Pre-closing Liabilities that may surface between now and the end of the indemnity period in December 2004 as demanded by the Purchaser. Having consulted with its legal advisors, Regal was advised that the demand by the Purchaser was without grounds and has accordingly instituted legal proceedings against the Purchaser to recover the Consideration Receivable. The directors of Regal are currently unable to determine with reasonable certainty the outcome of the legal proceedings and therefore, are unable to determine the time required to recover the Consideration Receivable and whether a provision, if any, is required against the Consideration Receivable. The Auditors consider that appropriate disclosures and estimates have been made and their opinion is not qualified in this respect.

#### Fundamental uncertainties relating to the going concern basis

- The Auditors, in forming their opinion, have considered the adequacy of the disclosures made in the financial statements which explain the circumstances giving rise to the fundamental uncertainties relating to:
  - the outcome of the proposed debt restructuring of the Group, excluding the Paliburg Group and the Regal Group;
  - the outcome of the proposed restructuring of a syndicated loan of HK\$3,755.8 million and a construction loan of HK\$1,060.8 million as at 31st December, 2002 of the Regal Group; and
  - the successful recovery of the Consideration Receivable by the Regal Group.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of implementation of the measures noted above. The Auditors consider that appropriate disclosures have been made but the inherent uncertainties surrounding the circumstances under which the Group might successfully continue to adopt the going concern basis are so significant that they have disclaimed their opinion.

## DIVIDEND

- The Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 2002 (2001 - nil). No interim dividend was paid for the year ended 31st December, 2002 (2001 - nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

- Net cash inflow from operating activities during the year under review amounted to HK\$263.3 million (2001 - HK\$311.2 million, as restated). Net interest payment for the year amounted to HK\$305.0 million (2001 - HK\$397.0 million).
- As at 31st December, 2002, the Group's gross borrowings net of cash and bank balances amounted to HK\$6,149.2 million, as compared to HK\$10,135.4 million in 2001. Gearing ratio based on the total assets of HK\$9,723.2 million (2001 - HK\$14,634.5 million) was 63% (2001 - 69%). As at 31st December, 2002, the Company recorded a consolidated negative net worth of HK\$492.6 million (2001 - HK\$160.3 million), which was primarily the result of significant losses incurred and the continuing downward adjustment in the valuation of the investment and hotel properties owned by the Group. As the Group's borrowings are mostly denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, and with interest determined with reference to Interbank Offered Rates, the use of hedging instruments of currency or interest rates purpose is not considered to be necessary.
- Information in relation to the maturity profile of the borrowings, the pledge of assets and the contingent liabilities of the Group as of 31st December, 2002 is disclosed in the annual report of the Company for the year ended 31st December, 2002 (the "2002 Annual Report"), which will be despatched to the shareholders on or before 30th April, 2003. During the year under review, the Company continued to adopt similar funding, treasury and remuneration policies as disclosed in the Company's 2002 Interim Report for the six months ended 30th June, 2002. Detailed information in such aspects is contained in the 2002 Annual Report.
- In October 2002, Regal completed the acquisition from Paliburg of an additional 40% interest in the Stanley development project. On 31st December, 2002, Paliburg completed the Paliburg Acquisition. Regal and Paliburg are the two listed subsidiary companies of the Company and details of these acquisitions were set out in the circular to shareholders dated 26th August, 2002. At present, there are no immediate plans for material investments or capital assets other than the proposed disposal of some of the Group's non-core hotel properties with a view to reduce the overall debt levels.
- Following the divestiture of two of Paliburg's major investment properties, the Group's significant investments constitute primarily the ownership and operating interests in the five Regal Hotels in Hong Kong. The performance of these hotels during the year under review, their future prospects as well as the commentary on the local hotel industry, changes in general market conditions and their potential impact on the operating performance of these hotels are contained in the sections headed "Operating Highlights" and "Outlook" below, respectively.

## OPERATING HIGHLIGHTS

- For the year ended 31st December, 2002, the Group incurred an audited consolidated net loss attributable to shareholders of HK\$71.5 million, as compared with a net loss of HK\$1,650.7 million recorded for the 2001 financial year.
- In order to ensure the continued integrity of the Company as a going concern, it will be critically important that a consensual restructuring of the Company's indebtedness can be implemented and the majority shareholding in Paliburg maintained.
- On 2nd August, 2002, the Company announced the entering into of the Share Swap Agreement, contemplated in conjunction with a series of reorganisation exercises at different corporate levels within the overall Century City Group including, among others, the Stanley Transfer between Paliburg and Regal, the Settlement Proposal in respect of the Exchangeable Bonds and the Convertible Bonds of Paliburg and the Paliburg Acquisition by Paliburg.

- Following approvals by respective shareholders or, as applicable, independent shareholders of Regal, Paliburg and the Company, all of the transactions announced on 2nd August, 2002 have been duly completed on or before 31st December, 2002.
- If a consensual restructuring of its financial indebtedness can be successfully implemented, the Company will be able to acquire through the exercise of the call option effective interest in 2,750 million Paliburg ordinary shares, representing 113.7% of the existing issued share capital of Paliburg. Without taking into account any additional interest in underlying Paliburg ordinary shares that may come through from the put option granted to the other vendors in the Paliburg Acquisition, the call option itself provides a mechanism to the Company for it to maintain an overall controlling interest of approximately 71.5% in Paliburg even on a fully diluted basis.

## PALIBURG HOLDINGS LIMITED

- For the year ended 31st December, 2002, Paliburg recorded an audited consolidated net profit attributable to its shareholders of HK\$1,621.6 million, as compared with a net loss of HK\$1,071.0 million for the 2001 financial year. The profit attained in the year under review was primarily the result of the net gain of approximately HK\$2,988.1 million recorded under the Settlement Proposal in respect of the Exchangeable Bonds and the Convertible Bonds of Paliburg and after having provided for its attributable share of loss incurred by Regal, net deficit on revaluation of hotel properties owned by Regal and interest accruing on the Paliburg Bonds before completion of the Settlement Proposal.
- Under the Stanley Transfer, which was completed on 31st October, 2002, Paliburg transferred to Regal its 40% interest in the Stanley development project, satisfied by Regal issuing and allotting at the direction of Paliburg 1,958.3 million new ordinary shares of Regal at an issue price of HK\$0.24 per share. Out of the consideration shares received, 1,896.5 million new ordinary shares of Regal were issued to an entity designated by Paliburg for the purpose of the Settlement Proposal.
- Following protracted negotiations by Paliburg with the holders of the Exchangeable Bonds and the Convertible Bonds, the Settlement Proposal was finally completed on 31st October, 2002. Under the Settlement Proposal, the indebtedness under the Paliburg Bonds was settled in full, principally satisfied by the transfer of the Paliburg group's entire equity interests in the wholly-owned subsidiary companies owning Paliburg Plaza and Kowloon City Plaza, the two major investment properties of the Paliburg group, and the phased release of a total of 1,896.5 million Regal ordinary shares received under the Stanley Transfer to the Bondholders. Total indebtedness of Paliburg eliminated as a result of the Settlement Proposal amounted to HK\$5,052.0 million and accounting profit in the net amount of approximately HK\$2,988.1 million was recorded by Paliburg in the financial year under review.
- The Paliburg Acquisition was duly completed on 31st December, 2002. Paliburg believes that the Paliburg Acquisition will enrich and strengthen the business base of the Paliburg group and the HK\$70.0 million cash resources within the acquired entities have also considerably improved its working capital position.
- Further information on the operations of Paliburg, including management discussion and analysis, is contained in its announcement separately released today.

## REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

- For the year ended 31st December, 2002, Regal incurred an audited consolidated net loss attributable to shareholders of HK\$765.0 million, as compared with a net loss of HK\$514.2 million for the preceding financial year.
- Out of the net loss of HK\$765.0 million incurred for the year, HK\$437.0 million was related to impairment arising from the sale of the Regal Constellation Hotel in Toronto, HK\$181.9 million attributable to impairment for the planned disposal of the Regal Oriental Hotel and the Regal Riverside Hotel and HK\$93.3 million being loss incurred on the sale of its investment in a convertible note receivable in the second half of the year.
- If the results of the hotel business of Regal are reviewed in isolation, the income from hotel operation and management businesses has substantially increased by about 42% from HK\$181.7 million in 2001 to HK\$258.2 million in 2002.
- Further information on the operations of Regal, including management discussion and analysis, is contained in its announcement separately released today.

## OUTLOOK

- Business at the five Regal Hotels in Hong Kong during the initial period of January and February 2003 was very encouraging, with gross operating profits significantly surpassing those recorded in the comparative period in 2002. However, due to the outburst of SARS in March, businesses for all hotels in Hong Kong plummeted. Immediate cost reduction initiatives have been put in place by the Regal group at the operating level to alleviate the damage. If the spread of SARS cannot be controlled in time, outlook for the first half of 2003 is bleak.
- Despite the present crisis created by the outburst of SARS, the Regal group still maintains an optimistic outlook on the future of the hotel industry in Hong Kong due to the government's commitment to boost local tourism.
- With the implementation of the series of financial restructuring and corporate reorganisation exercises during the year, the financial strength of Paliburg has been restored. If the debts of the Regal group are excluded, the outstanding bank indebtedness of the Paliburg group only amounted to approximately HK\$298.1 million as at 31st December, 2002. Despite that the Paliburg group has inevitably become leaner due to the divestiture of some of its major assets under the Settlement Proposal, the Paliburg Acquisition was aimed to provide to the Paliburg group with new opportunities that are complementary to its existing core businesses. The Paliburg group has gone a long way to achieve its corporate recovery and its directors are hopeful of its restated growth in the coming years.
- The Company has over the past months continued to work diligently on a financial restructuring proposal with its financial creditors. Under the final proposal presented by the Company to its financial creditors, most of the outstanding financial indebtedness is proposed to be converted into certain convertible instruments to be issued by the Company. If this proposal can be implemented, the financial health of the Company is expected to be restored through the elimination of most of its outstanding financial indebtedness, while the financial creditors will be able to share in the equity upside of the Company.
- A majority of the financial creditors of the Company has indicated the willingness to support in principle the financial restructuring proposal. Legal documentation for the financial restructuring has recently been circulated to individual lenders, but the ultimate implementation of the proposal will of course have to meet with the approval of all relevant financial creditors concerned.

By Order of the Board

**LO YUK SUI**  
Chairman

Hong Kong, 17th April, 2003

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be submitted to the Stock Exchange for publication on its website on or before 30th April, 2003.

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held in the Regal Hongkong Hotel, 86 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 12th June, 2003 at 12:00 noon for the following purposes:

- To receive and consider the Audited Financial Statements and the Reports of the Directors and the Auditors for the year ended 31st December, 2002.
- To elect Directors.
- To appoint Auditors and authorise the Board of Directors to fix their remuneration.
- To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:
  - THAT:**
    - subject to paragraph (b) below, the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase shares of HK\$0.10 each in the capital of the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
    - the aggregate nominal amount of shares of the Company which may be purchased by the Company pursuant to paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution, and the said approval shall be limited accordingly; and
    - for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:
      - the conclusion of the next Annual General Meeting of the Company;
      - the expiration of the period within which the next Annual General Meeting is required by the Bye-laws of the Company or The Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; and
      - the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting.
  - THAT** the exercise by the Directors during the Relevant Period (as defined in Resolution 4(A) set out in the Notice of this Meeting) of all the powers of the Company to issue, allot and dispose of additional shares of the Company (including making and granting offers, agreements and options which would or might require shares to be issued, allotted or disposed of, whether during or after the end of the Relevant Period) be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares

(subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong), the additional shares issued, allotted or disposed of (including shares agreed conditionally or unconditionally to be issued, allotted or disposed of, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution, and the said approval shall be limited accordingly."

- THAT** the general mandate granted to the Directors under Resolution 4(B) above be and is hereby extended by the addition of an amount representing the aggregate nominal amount of shares purchased by the Company pursuant to the general mandate approved in Resolution 4(A) above.

- To consider and, if thought fit, pass the following resolution as a Special Resolution:

**THAT** the existing Bye-laws of the Company be and is hereby altered by deleting the definition of "clearing house" in Bye-law 1 in its entirety, and substituting therefor the following new definition of "clearing house":

"clearing house" shall mean a recognised clearing house within the meaning of Section 2 of the Securities and Futures Ordinance of Hong Kong or a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction;"

By Order of the Board  
**ELIZA LAM SAU FUN**  
Secretary

Hong Kong, 17th April, 2003

### Notes:

- A member entitled to attend and vote at the 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.
- The form of proxy must be deposited with the Company's Registrars in Hong Kong, Tengis Limited of G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the Meeting.
- An explanatory statement containing further details as regarding Resolution 4(A) above will be sent to shareholders shortly together with the 2002 Annual Report.
- With respect to Resolution 5 above, approval is being sought from members to alter the Bye-laws of the Company to adopt the appropriate reference of the meaning of "recognised clearing house" as ascribed in the Securities and Futures Ordinance of Hong Kong, which came into force on 1st April, 2003, in the definition provisions of the Bye-laws.