

ANNOUNCEMENT OF 2002 GROUP RESULTS

	Year ended 31st Dec., 2002	Year ended 31st Dec., 2001
	HK\$'M	HK\$'M
TURNOVER (Note 1)	1,369.9	1,951.8
Cost of sales	(969.1)	(1,603.8)
Gross profit	400.8	348.0
Other revenue (Note 3)	33.4	156.5
Gain on settlement of exchangeable bonds and convertible bonds	2,988.1	—
Administrative expenses	(112.3)	(150.9)
Other operating expenses (Note 4)	(263.6)	(206.7)
Provisions for write-downs and impairments, net (Note 5)	(659.1)	(533.2)
Impairment of an overseas hotel property attributable to discontinuing operation	(437.0)	—
Impairment of hotel properties	(181.9)	—
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (Note 1)	1,768.4	(386.3)
Finance costs (Note 7)	(500.9)	(738.5)
Share of profits less losses of:		
Jointly controlled entity	—	(90.9)
Associates	(14.9)	(5.9)
PROFIT/(LOSS) BEFORE TAX	1,252.6	(1,221.6)
Tax (Note 8)	1.0	3.8
PROFIT/(LOSS) BEFORE MINORITY INTERESTS	1,253.6	(1,217.8)
Minority interests	368.0	146.8
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	1,621.6	(1,071.0)
Earnings/(Loss) per share (Note 9)		
Basic	HK\$0.70	HK\$(0.46)
Diluted	N/A	N/A
Net asset value per ordinary share as at year end date	HK\$0.76	HK\$0.94

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	
	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	155.6	314.4	23.0	22.5	202.9	558.0	964.7	1,001.5	17.3	19.9	6.4	35.5	—	—	1,369.9	1,951.8
Intersegment sales	15.4	54.9	1.1	1.6	4.7	22.6	0.4	0.9	—	—	12.5	16.0	(34.1)	(96.0)	—	—
Total	171.0	369.3	24.1	24.1	207.6	580.6	965.1	1,002.4	17.3	19.9	18.9	51.5	(34.1)	(96.0)	1,369.9	1,951.8
Segment results	(66.4)	(76.2)	16.6	17.5	5.5	3.1	(941.5)	(50.4)	(16.4)	(69.0)	(1.8)	(19.7)	(5.1)	(37.0)	(1,009.1)	(231.7)
Interest income and unallocated non-operating and corporate gains																#3,012.9
Unallocated non-operating and corporate expenses																(235.4)
Profit/(Loss) from operating activities																1,768.4
Finance costs																(500.9)
Share of profits less losses of:																
Jointly controlled entity		(90.9)														(90.9)
Associates							(0.7)				(14.2)	(5.9)			(14.9)	(5.9)
Profit/(Loss) before tax																1,252.6
Tax																1.0
Profit/(Loss) before minority interests																1,253.6
Minority interests																368.0
Net profit/(loss) from ordinary activities attributable to shareholders																1,621.6

Inclusive of a gain on the settlement of exchangeable bonds and convertible bonds amounting to HK\$2,988.1 million.

* Inclusive of a write back of provision against a loan receivable amounting to HK\$14.2 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	
	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	1,263.5	1,834.4	88.6	95.6	17.8	21.8	—	—	1,369.9	1,951.8

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 2001 are as follows:

	2002 HK\$'M	2001 HK\$'M
TURNOVER	88.6	95.6
Cost of sales	(87.4)	(91.4)
Gross profit	1.2	4.2
Administrative expenses	(3.5)	(3.8)
Other operating expenses	(2.3)	(2.7)
LOSS FROM OPERATING ACTIVITIES	(4.8)	(2.3)
Finance costs	(6.4)	(10.0)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(11.0)	(12.3)

3. Other revenue include the following major items:

	2002 HK\$'M	2001 HK\$'M
Interest income	15.8	55.2
Gain on disposal of an associate	6.5	—
Dividend income	0.7	3.1
Profit on disposal of ordinary shares in the listed subsidiary company arising from exchange of exchangeable bonds	—	70.8
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	50.9	58.5
Loss on disposal of ordinary shares in the listed subsidiary company	56.6	—
Loss on disposal of an investment property	30.6	—
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\$1.1 million (2001 - HK\$139.1 million))	1.1	141.4

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	—
Provisions against other loans, promissory notes and interest receivable	—	56.8
Deficit on revaluation of hotel properties	528.9	183.7
Write back of provision against a loan receivable	(14.2)	—
	659.1	533.2

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	(57.7)	(142.2)
Profit/(Loss) on sale of properties	(30.6)	0.3

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\$0.1 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 associates as no assessable profits were earned by the associates during the year (2001 - HK\$0.1 million).

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

9. The calculation of basic earnings/(loss) per ordinary share is based on the net profit from ordinary activities attributable to ordinary shareholders for the year of HK\$1,621.6 million (2001 - net loss of HK\$1,071.0 million) and on 2,318.5 million (2001 - 2,318.5 million) shares of the Company in issue during the year.

No diluted earnings/(loss) per share is presented for the years ended 31st December, 2001 and 2002 as there are no dilutive events.

10. For the year under review, a total amount of HK\$1,956.3 million (2001 - HK\$7.5 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 2000. The carrying value of the Group's investments in the Investee Companies amounted to HK\$56.8 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 Company's principal listed subsidiary, 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 of 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 of the Regal Group

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 concerning the Regal Group relating to:

- 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 and their opinion is not qualified in this respect.

DIVIDEND

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

According to the terms of the convertible preference shares of the Company, the holders of the convertible preference shares shall not be entitled to any right of participation in the profits of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

- Net cash inflow from operating activities during the year under review amounted to HK\$281.3 million (2001 - HK\$339.7 million, as restated). Net interest payment for the year amounted to HK\$305.1 million (2001 - HK\$396.6 million)
- As at 31st December, 2002, the Group's gross borrowings net of cash and bank balances amounted to HK\$5,190.2 million, as compared to HK\$9,202.4 million in 2001. Gearing ratio based on the total assets of HK\$9,647.6 million (2001 - HK\$14,589.3 million) was 54% (2001 - 63%). The decrease in the Group's gearing ratio was primarily due to the reduction in the Group's borrowings following the completion of the bonds settlement during the year under review. 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 for currency or interest rates purposes 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 the Company of an additional 40% interest in the Stanley development project. On 31st December, 2002, the Company completed the Paliburg Acquisition. 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 the Group's major investment properties, the Group's significant investments constitute primarily its 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 recorded an audited consolidated net profit attributable to shareholders of HK\$1,621.6 million, as compared with a net loss of HK\$1,071.0 million recorded 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 the Company and after having provided for the attributable share of loss incurred by Regal, net deficit on revaluation of hotel properties owned by Regal and interest accruing on the Bonds before completion of the Settlement Proposal.
- On 2nd August, 2002, the Company issued an announcement jointly with Century City International Holdings Limited, the Company's listed holding company, and Regal relating to proposals in respect of, among other things, the Stanley Transfer, the Settlement Proposal, the Paliburg Acquisition and the Paliburg Capital Reorganisation. All of these proposals have since been approved respectively by the shareholders or independent shareholders of the Company and duly completed and/or effected.
- Under the Stanley Transfer, completed on 31st October, 2002, the Company transferred to Regal its 40% interest in the Stanley development project, satisfied by Regal issuing and allotting at the direction of the Company 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 a special purpose entity designated by the Company for the purpose of the Settlement Proposal.
- Following protracted negotiations 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 Bonds was settled in full, principally satisfied by the transfer of the 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 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 eliminated as a result of the Settlement Proposal amounted to HK\$5,052.0 million and, as noted above, accounting profit in the net amount of approximately HK\$2,988.1 million was recorded in the financial year under review.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held in the Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 12th June, 2003 at 11:30 a.m. 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:

- (A) **THAT:**
- subject to paragraph (b) below, the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase ordinary shares of HK\$0.01 each in the capital of the Company ("Ordinary Shares"), 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 Ordinary 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 Ordinary Shares 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."

- Following approval by independent shareholders of the Company and the satisfaction of other conditions precedent, the Paliburg Acquisition was duly completed on 31st December, 2002. The Company believes that the Paliburg Acquisition will enrich and strengthen the business base of the Group and the HK\$70.0 million cash resources within the acquired entities have also considerably improved the Group's working capital position.
- The capital reorganisation proposal of the Company, involving principally the reduction and cancellation of the nominal value of the Company's ordinary shares from HK\$1.00 each to HK\$0.01 each and the application of certain credits and reserves towards elimination of the accumulated losses has become effective on 22nd November, 2002.

PROPERTIES

Hong Kong

- The Group's 70% interest in the luxury residential development at Rural Building Lot No. 1138, Wong Ma Kok Road, Stanley is now entirely held through Regal. Major construction works for Phase I, comprising 84 residential houses and the clubhouse facilities, have been completed and the temporary occupation permit issued in March 2003. While the construction works for Phase II are in progress, the resale programme for Phase I is intended to be launched shortly after the consent to sell has been obtained.
- The Group retains a 30% interest in the joint venture for the development of Ap Lei Chau Inland Lot No. 129, Ap Lei Chau East. Further revised scheme and information have been submitted to the Town Planning Board for the proposed development comprising primarily residential accommodation and it is anticipated that the formal approval process should be able to be accomplished within the near future.
- More than 75% of the lettable space in the office floors and all ground floor shops at 211 Johnston Road, Wanchai have been leased to date. The Group may consider disposing of the property at satisfactory price.
- The government administration is generally supportive of a proposed resort and recreational development on the various lots held by the Group in Demarcation District, No. 251, Sharp Island, Sai Kung. The revised proposal for a comprehensive resort development to fit in with the government's objective of developing the region into a large scale water sports resort centre is being finalised and will be submitted to the government in the near future.
- The foundation works for the residential project at Lot No. 1736 in D.D. 122, Ping Shan Lane, Tong Yan San Tsuen, Yuen Long, New Territories, comprising 16 duplex units with ancillary carparking facilities, have been completed and superstructure works are in progress. The development, which is intended for sale, is scheduled for completion in the third quarter of 2003.
- As previously reported, the investment property at Redhill Plaza, 3 Red Hill Road, Tai Tam was sold in June 2002 through a tender process at a consideration of HK\$169.9 million and the net loss of HK\$30.6 million incurred has been reflected in the accounts for the year under review.

The People's Republic of China

- The development site at Gong Ren Ti Yu Chang Street East, Chao Yang District, Beijing entails the development of an office/commercial building with gross floor area of about 1,000,000 square feet. Foundation works have been completed and basement works are in progress. According to the proposed construction schedule, the project is anticipated to be completed in 2004.
- The development plans for the site at Chao Yang Men Wai Da Jie, Chao Yang District, Beijing are being revised to adapt to the general planning conditions governing developments in the Central Business District of Beijing. In the meanwhile, the Group is still working to resolve various outstanding issues with the relevant local government authorities and potential disputes with the joint venture partners with regard to the formal vesting of the land title of the subject site to the joint venture entities.

United States of America

- The Los Angeles United School District has initiated formal proceedings to compulsorily acquire the Crown Hill site owned by the Group. The Group has retained legal advisers and professional valuers to object the probable compensation initially determined by the Unified School District. It is expected that the issue will be adjudicated by the U.S. court within the next few months.

CONSTRUCTION AND CONSTRUCTION-RELATED BUSINESSES

- Despite the overall contraction in the construction industry, Chatwin Engineering Limited has successfully obtained new jobs including interior fitting out works as well as building repair and improvement works. Chatwin will continue to explore new business opportunities.
- The Group held through a 75%-owned subsidiary company a 25% interest in a cement plant in Weifang, Shandong. In November 2002, the Group has entered into an agreement with an independent third party for the disposal of the 25% interest in the cement plant for a consideration of RMB30.7 million.

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.
- 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.
- Since February this year, Regal has been actively engaging in loan restructuring discussions with its bank lenders. In conjunction with the loan restructuring proposal, the Regal group has recently mandated professional agency firms to market the sale of the Regal Oriental Hotel and Regal Riverside Hotel, which are its two hotels in Hong Kong of less strategic importance.
- 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. In deciding on the planned disposal at this juncture of its two non-core hotels in Hong Kong, the Regal group has taken into consideration the more significant benefits that will emanate from a reduction in its overall debt levels and the financial stability that may be achieved through the successful implementation of a consensual loan restructuring scheme.
- With the implementation of the series of financial restructuring and corporate reorganisation exercises during the year, overall 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 amounts 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 the Directors are hopeful of its restated growth in the coming years.

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

- (B) **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 Ordinary Shares of the Company (including making and granting offers, agreements and options which would or might require Ordinary 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 Ordinary Shares are offered to shareholders on a fixed record date in proportion to their then holdings of Ordinary 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 Ordinary Shares issued, allotted or disposed of (including Ordinary 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 Ordinary Shares in issue at the date of this Resolution, and the said approval shall be limited accordingly."
- (C) **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 Ordinary Shares purchased by the Company pursuant to the general mandate approved in Resolution 4(A) above."

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 regarding Resolution 4(A) above will be sent to shareholders shortly together with the 2002 Annual Report.