Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

(Website: http://www.irasia.com/listco/hk/peacemark)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH, 2002

The Board of Directors (the "Directors") is pleased to announce the audited consolidated results of Peace Mark (Holdings) Limited ("Peace Mark" or the "Company") and its subsidiaries (together with the Company hereinafter referred to as the "Group") for the year ended 31 March, 2002.

	Note	2002 HK$'000	2001 HK$'000 (Restated)
Turnover	1	**931,219**	852,379
Cost of sales		**(801,344)**	(723,596)
Gross profit		**129,875**	128,783
Other revenue		**18,706**	16,375
Distribution costs		**(23,207)**	(21,539)
Administrative expenses		**(64,156)**	(54,530)
Other operating expenses		**(12,247)**	(19,224)
Profit from operations	2	**48,971**	49,865
Impairment of goodwill	3	–	(9,159)
Finance costs	4	**(9,264)**	(12,661)
Profit before taxation	1	**39,707**	28,045
Taxation	5	**(4,577)**	(4,246)
Profit after taxation		**35,130**	23,799
Minority interest		**1,267**	2,000
Profit attributable to shareholders		**36,397**	25,799
Earnings per share	6		
Basic (cents)		**19.79**	14.20
Diluted		**N/A**	N/A

Notes:

1. **Segment information**

In accordance with its internal financial reporting policy, the Group has determined that business segments should be presented as primary reporting format. However, business segments are not presented because the Group's turnover and operating profit were contributed solely by manufacture and trading of timepiece products.

Geographical segments are presented as secondary reporting format, segment revenue is based on the final destination of goods sold. There are no sales between the segments.

	2002 Turnover HK$'000	2002 Segment results HK$'000	2001 Turnover HK$'000	2001 Segment results HK$'000
United States of America	**505,282**	**57,878**	504,608	63,488
Europe	**204,726**	**23,451**	207,980	26,168
Asia	**221,211**	**25,339**	139,791	17,588
	931,219	**106,668**	852,379	107,244
Other revenue		**18,706**		16,375
Unallocated expenses		**(76,403)**		(73,754)
Finance costs		**(9,264)**		(12,661)
Impairment of goodwill		–		(9,159)
Profit before taxation		**39,707**		28,045

2. **Profit from operations**

	2002 HK$'000	2001 HK$'000
Profit from operations has been arrived at after charging and (crediting) the following:		
Depreciation		
– Owned assets	**29,060**	20,942
– Assets under finance leases	**2,380**	2,381
Amortisation of intangible assets	**3,344**	10,845
Amortisation of goodwill	**617**	–
Impairment of goodwill	–	9,159
Loss on disposal of investment securities	**10,823**	6,674
Staff costs	**40,877**	33,222
Write-off of current assets	**6,640**	10,866
Interest income	**(5,090)**	(3,435)
Exchange gain	**(2,917)**	(1,346)
Handling service income	**(5,791)**	–

3. **Impairment of goodwill**

Goodwill arising on consolidation represents the excess of cost of acquisition of subsidiary and associate over the Group's share of the fair value ascribed to the separable net assets at the date of acquisition. In previous years, goodwill was taken to the reserves in the year in which it arose. With the introduction of SSAP 30, the Group has adopted the transitional provisions prescribed therein. New goodwill incurred on or after 1 April, 2001 is capitalised in the balance sheet and is amortised to the income statement on a straight-line basis over its estimated useful economic life. All goodwill arising from earlier acquisitions before 1 April, 2001 will continue to be held in reserves and no restatement has been made.

In accordance with the requirements of SSAP 31 and the transitional provisions of SSAP 30, an adjustment has been made concerning the impairment of goodwill arising prior to the adoption of SSAP 30 which was eliminated against available reserves. The adjustment, which represents a change in accounting policy, has been applied retrospectively in accordance with SSAP 2 "Net profit or loss for the period, fundamental errors and changes in accounting policies". Accordingly, goodwill in the amount of approximately HK$9,159,000 which was impaired in prior periods has been recognised directly in the prior periods' retained profits as brought forward at 1 April, 2001 and this also results in a decrease in the Group's profit attributable to shareholders for the year ended 31 March, 2001 of approximately HK$9,159,000.

4. **Finance costs**

	2002 HK$'000	2001 HK$'000
Interest on:		
Term loans, syndicated loan and bank overdrafts wholly repayable within five years	**9,084**	12,260
Obligations under finance leases	**180**	401
	9,264	12,661

5. **Taxation**

Taxation in the consolidated income statement represents:

	2002 HK$'000	2001 HK$'000
Hong Kong Profits Tax		
Current year	**2,868**	2,526
Underprovision in prior year	**56**	–
Deferred taxation	**1,653**	1,720
	4,577	4,246

Hong Kong Profits Tax is calculated at the prevailing rate of 16% (2001: 16%) on the estimated assessable profits for the year.

6. **Earnings per share**

The calculation of the basic and diluted earnings per share is based on the following data:

	2002	2001 (Restated)
(a) *Basic earnings per share*		
Profit attributable to shareholders (in HK$'000)	**36,397**	25,799
Weighted average number of shares (in '000)	**183,911**	181,705
Basic earnings per share (cents)	**19.79**	14.20
(b) *Diluted earnings per share*		
Profit attributable to shareholders (in HK$'000)	**36,397**	25,799
Weighted average number of shares (in '000)	**183,911**	181,705
Potential dilutive shares (in '000)	–	–
Adjusted weighted average number (in '000)	**183,911**	181,705
Diluted earnings per share	**N/A**	N/A

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

With a view to reserving adequate funds for the Group's business growth and expansion, the Directors have resolved not to recommend the payment of a dividend for the year ended 31 March, 2002.

The Register of Members of the Company will be closed from 28 August, 2002 to 30 August, 2002 (both days inclusive) for the purpose of establishing entitlement of shareholders to vote at the forthcoming Annual General Meeting to be held on 30 August, 2002.

BUSINESS REVIEW

We have been facing intense market competition in the midst of the widespread global economic slowdown. However, we have overcome various challenges posed by both depressed consumer demand and increasing pressure on prices. Our performance was a result of team effort which enabled us to relentlessly reposition ourselves and continuously transform our business to cope with the rapidly changing marketplace. By persistently implementing our strategies, we have become more resilient in the current difficult market climate while paving the way for a forward leap once economic recovery comes along.

Consolidated turnover for the year was HK$931.2 million and a profit attributable to shareholders of HK$36.4 million was reported for the year. These represent an increase of 9.2% and 41.1% respectively as compared to last year.

The basic earnings per share was HK cents 19.8 up 39.4% from last year.

Timepiece Export Industry

Against a background of sluggish consumer markets in major countries, Hong Kong's timepiece exports dropped from HK$44 billion in 2000 to HK$38 billion for the first eleven months of 2001. Exports are expected to be moderate in 2002.

The USA has been the largest market for Hong Kong contributing one-fourth of total timepiece exports, on the back of its mature consumer market. Sales to Japan amounted to HK$3.4 billion as consumers there are increasingly looking for value-for-money products. China, after its accession to WTO, will gradually phase out its import quota restriction and reduce the tariff for watches. Coupled with the liberalisation of the domestic distribution sector this will certainly facilitate Hong Kong companies' exploitation in this potential market.

OUR CORE COMPETENCES

Product Development

Product development is regarded as one of our core competences. Design concept and product engineering processes have been continuously redefined and accommodated each other. Our product development team has been able to deliver products of contemporary design yet at reasonable prices to the customers. In terms of number of headcount, we currently employ 20 in design and 78 in product engineering. A timepiece design house based in Switzerland is mandated to deliver the best suited designs for high-end products.

Production Management

Pursuing production excellence has always been seen as one of our success factors. Production management together with advanced production facilities are the key drivers for producing our quality products. We were accredited the 2001 Certificate of Merit in Quality by the Hong Kong Trade and Industry Department. This award and the previous award in productivity we received from the Hong Kong Productivity Council demonstrated our achievement in the area of timepiece manufacturing. Without doubt, we are always considered by our customers as their best manufacturing partners. A leading international company in direct selling of women's products, awarded us their "Supplier Excellence Award" recognising our dedicated effort in serving customers. We are proud of our achievements in production management, which have been recognised by various business associates and government authorities.

Production Technologies

Cutting edge technologies in timepiece production have been implemented to ensure that we stay ahead in the area of manufacturing. Upstream parts and components manufacturing is crucial for enhancing and improving the quality of products. A number of CNC molding machines and an ionised electroplating system were installed at our production plant. The capital expenditures are anticipated to be recouped from higher margins on orders and cost advantages gained over the production processes.

Whilst the production processes have been increasingly automated, production manpower was increased to over 1,200 staff in China to meet increased order levels and tighter production schedules to satisfy customer requirements. Total output could reach a maximum of 1.3 million pieces monthly.

In September 2001, we acquired the remaining 45% interest in a subsidiary through which the main factory land and buildings are held. The purpose of this acquisition was to buy out the minority shareholder and, through the wholly owned subsidiary, to indirectly obtain 100% of production facilities and domestic sale right in China.

In addition to the current set up for mass production, we have been striving to keep pace with the quality standard of our Swiss counterparts from both aesthetic and mechanical perspectives. A workshop located in Bienne, Switzerland has been added to the Group for the furtherance of quality production. This workshop is principally involved in product development and assembling processes.

Business Model

Over the past years, we have persistently exploited ways to improve our profit margins and broaden our revenue streams. The transformation of the business model from OEM to ODM is a step that has already been taken. We are now prepared to further transform to Own Brand Manufacturing (OBM).

Having thoroughly considered the trade-offs between building a brand from scratch against acquiring an established one, we proceeded to acquire Milus, a timepiece brandname which originated in Switzerland in 1919. This strategic move will capitalise on the production expertise and know-how of a high-end brandname as well as the existing sales team and marketing channels of Milus. Milus marked a milestone by moving upmarket and producing an internationally renowned self-owned brand. We foresee that Milus will not contribute significantly in terms of turnover and profit in the near term but will certainly be a valuable asset to the Group in the medium to long term. With its various business models, we will be providing a full range of offering in timepieces enabling us to have a competitive edge over other market players.

SIGNIFICANT EVENTS

A number of significant events in relation to shareholding, share capital as well as the debt and equity financing of Peace Mark are reported as follows:

Shareholding Structure

In August 2001, Mr. Leung Yung, our Managing Director, acquired a 10.00% interest in the share capital of Peace Mark at a consideration of HK$49.8 million. This was a sign of Mr. Leung's commitment and faith in the future prospects of the Company. The Directors believe that the management buyout has furthered the commitment of the current management to strive for better operating and production efficiency for the benefit of both the Company and its Shareholders. After the transaction, the substantial shareholders of the Company became Mr. Leung and myself. Our shareholdings have since been 10.00% and 10.18% respectively.

Capital Reorganisation

On 24 January, 2002, a resolution approving a proposal for reorganising the then capital structure of the Company was passed at a Special General Meeting (the "Capital Reorganisation").

Our shares had been trading at prices below the par value of HK$0.10 each for more than a year prior to the Capital Reorganisation. Since the Company is prohibited under Bermuda law to issue shares below their par value, this made it impossible for Peace Mark to issue new shares at market price before the Capital Reorganisation.

The Capital Reorganisation has since then enabled Peace Mark to conduct capital fund-raising exercise or other acquisitions by way of allotment or placement of shares without altering any of the underlying assets, business operations or financial performance.

New Share Option Scheme

The Directors consider that in order to attract, retain and motivate employees to strive for the future development of the Group, it is important that the Group should continue to provide them with an additional incentive and encouragement by offering them an opportunity to obtain an ownership interest in the Company and to thereby enjoy the results of the Company attained through their efforts and contributions.

With the newly implemented rules of Chapter 17 of the Listing Rules, a new share option scheme was proposed by the Directors and adopted after the passing of a resolution in the SGM on 24 January, 2002. This was in replacement of the then existing share option scheme.

Syndicated Loan

On 7 November, 2001, we entered into a HK$200 million three-year term loan facility with a group of banks with WestLB as coordinating arranger. The loan was primarily for (i) refinancing the then existing term loan facility; (ii) general working capital and (iii) improvement in production facilities and expansion in our distribution network.

Proposed Rights Issue

On 6 June, 2002, the Directors proposed to issue, by way of rights issue, 367,822,300 shares at HK$0.18 each and will provisionally allot two rights shares for every existing share held by Shareholders (the "Rights Issue").

The net proceeds of the Rights Issue are expected to be about HK$63 million, about HK$24 million is intended to be used for establishing a distribution arm in the United States, about HK$10 million will be used for promoting the Group's licenced products through the distribution arm aforementioned, about HK$20 million will be used for developing the distribution network in the PRC and the remaining balance will be used for general working capital purposes.

The Directors considered that it is in the interests of Peace Mark and its Shareholders to strengthen the Group's capital base and financial position through the Rights Issue.

As a result of various negotiations at arm's length with independent underwriters and demonstrating the shareholders' commitment to facilitate the underwriting arrangement, Mr. Leung Yung and I, through a company, entered into an underwriting agreement whereby this company has to underwrite 78.71% of the total underwritten amount.

The Rights Issue is subject to a number of conditions set out in a circular which is due to be dispatched shortly.

GOING FORWARD

Distribution Capability

Being a leading company in the Hong Kong timepiece industry, we are constantly rethinking our position from a global perspective. We need to expand our distribution presence in the major markets including the USA, Japan, China and Europe in order to maintain our competitiveness in the worldwide timepiece marketplace in the coming years. Strengthening our distribution power could make us more proactive in approaching brandname licences and more downstream customers. This is a way to improve the profit margin of the Group by adding value along the value chain.

In addition to establishing distribution networks in major countries in the Asia Pacific region in the past years, we have planned to establish distribution network and sales channels, as a priority, in both the USA and China in the coming years. These would inevitably involve forming alliances in any form with other business partners to complement the competences and strengths of each other. All forms of synergy including equity participation, mergers or cooperation will be considered in this regard. Negotiations with various distribution business partners are currently underway in an effort to sell directly to the retail level.

China Market

As part of its WTO commitments, China will gradually remove its import quotas and licensing system for watches from 1 January, 2003, which means that the market will be able to accommodate more brands and products of different grades. In view of this situation, we have prepared to tap the growing middle class market in the major affluent cities. This market segment is forecast to grow exponentially given the anticipated economic growth in China in the years to come.

However, as mentioned in the 2001 Annual Report, we will only expand into the China market in a cautious manner given the impediments still prevailing in the market. We will continue to implement our plan to set up after-sale repair and service centres for high-end watches and explore the domestic sales channels for sport and fashion watches, like *Umbro* and *Pierre Cardin*. Three retail shops in Guangzhou have been acquired as flagship stores for brandname products and after-sale service and repair centres of the Group. Suitable distributors are currently being sought to gain a foothold in major cities and thereby facilitating an efficient expansion in distribution.

US Market

The current economic setback has hindered the growth of this market for the time being. However, Peace Mark still sees this market as a major market for the Group owing not only to the size of this mass market but also as the market intelligence gained is valuable in other parts of the world. Though this is a mature and sophisticated consumer market, business opportunities in timepieces are emerging as many fashion and sport brands are still actively supplementing their core lines with watches. Well-established and integrated watch manufacturers and distributors are their target partners. We will explore more business opportunities in this regard.

Milus

Milus is a watch brand which originated in Switzerland in 1919, Peace Mark together with the existing Milus marketing and design teams, will pool their very best talents in an effort to enhance awareness of the brand globally, particularly in Japan, Europe and the USA. The existing design team will be employed for the continuation of their design concepts. It is anticipated that the brand will take off after a year's groundwork and thereafter contribute to our bottom line.

To conclude, we are prepared to pave the way forward by leveraging Peace Mark's core competences accumulated over the years. The current faltering market conditions will force the industry to consolidate but will also allow competent companies to expand organically and through acquisitions.

The trend for manufacturers to sell directly to the ultimate customers is irreversible. Given our integrated manufacturing set up, we are ready to ride on the trend and capture benefit all along the distribution channels in these markets.

We will form alliances with other enterprises to facilitate growth in a manageable manner. Our management is optimistic that through our commitment to the business, the shareholder value will ultimately be enhanced.

FINANCIAL OVERVIEW

Turnover

The turnover of the Group is derived primarily from design, manufacture and distribution of timepieces involving OEM, ODM and licence types. For the year ended 31 March, 2002, the Group reported turnover of HK$931.2 million, increased by HK$78.8 million, representing 9.2%, from HK$852.4 million in 2001. This increase was a result of focusing the resources on its core business.

Gross profit

Gross profit remained more or less the same as in 2001 despite an increase of turnover of 9.2%. Gross profit margin dropped slightly from 15.1% in 2001 to 13.9% in 2002. The decrease was mainly due to the pressure on prices because of the global economic downturn.

Other revenue

The increase in other revenue was attributable to the increase in interest income of HK$1.7 million and increase in exchange gain of HK$1.6 million as a result of effective treasury policy adopted by the Group.

Administrative expenses and other operating expenses

The total of administrative expenses and other operating expenses increased 3.5% from HK$73.8 million in 2001 to HK$76.4 million in 2002 which is in line with the business expansion.

Finance costs

The finance costs in 2002 decreased by approximately HK$3.4 million as compared to 2001. This is a result of persistent reduction of interest rate in the market throughout the year and lower cost of borrowings obtained from the banks.

Taxation

The Group's profits tax expenses increased 7.8% to HK$4.6 million in 2002. The effective tax rate was 11.4% before restatement of profit in 2001 and the effective tax rate was 11.5% in 2002.

Profit attributable to shareholders

Profit attributable to shareholders reported HK$36.4 million for 2002, compared with a restated profit of HK$25.8 million in 2001. The increase was partly due to the increase in sales.

FUNDING AND TREASURY POLICIES

The principle of the Group's treasury policy is to manage the Group's assets and liabilities so as to reduce its exposure to fluctuation in foreign exchange and interest rates.

In the normal course of business, the Company enters into certain derivatives contracts in order to hedge its exposure to fluctuations in interest rates and foreign currencies. These instruments are executed with creditworthy financial institutions. Gains and losses on these contracts are applied to offset fluctuations that would otherwise impact the Company's financial results. Costs associated with entering into such contracts are not material to the Company's financial results.

Over 90% of the Group's borrowings were in Hong Kong Dollars with the balance in Renminbi and US Dollars. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

As at 31 March, 2002, all of the Group's borrowings were at floating rates with approximately HK$251 million of borrowings were hedged by the interest rate swaps.

The Company had entered into currency-linked deposit contracts to manage its foreign currency risk. As at 31 March, 2002, the US dollar based currency-linked deposits were amounted to US$2.2 million in total. The alternative currency of those contracts is Euro currency. The purposes of entering into these contracts are for both currency hedging and yield enhancement.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March, 2002, the Group employed a total of approximately 1,300 employees worldwide.

The Group remunerates its employees based on their performance, experience and prevailing industry practice. In addition, the Group has established discretionary bonus and employees share options scheme which are designed to motivate and reward employees to achieve the Company's business performance targets.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's Shares.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for the year ended 31 March, 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that Independent Non-Executive Directors are not appointed for a specific term as they are subject to retirement by rotation at the Annual General Meeting of the Company in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

Under the Listing Rules and with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants, the Company established an audit committee.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the financial and other related information of the Company 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.

STAFF APPRECIATION

I would like to take this opportunity to express my sincere appreciation to staff, the management team and my fellow board members for their valued contributions throughout the year.

On behalf of the Board
Chau Cham Wong, Patrick
Chairman

Hong Kong, 10 July, 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting of Peace Mark (Holdings) Limited (the "Company") will be held at Boardroom, World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on 30 August, 2002 at 4:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements of the Company, the report of the directors of the Company and the report of the auditors of the Company for the year ended 31 March, 2002;
2. To re-elect the directors of the Company (the "Directors") and to authorise the Directors to fix their remuneration;
3. To re-appoint the auditors of the Company (the "Auditors") for the ensuing year and to authorise the Directors to fix their remuneration; and
4. As special business, to consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

(A) "**THAT**

(a) subject to paragraph (c) of this resolution, and without prejudice to resolution 4(B) set out in the Notice of this Meeting, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal in shares of HK$0.10 each in the capital of the Company (the "Shares") and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements or options which would or might require the exercise of such power 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 pursuant to the approval given in paragraph (a) of this resolution, otherwise than pursuant to:

(i) a Rights Issue (as defined in paragraph (d) of this resolution);

(ii) any scrip dividend scheme or similar arrangements implemented in accordance with the Bye-laws of the Company; or

(iii) an issue of Shares under the Company's share option scheme or any similar arrangements for the time being in force for the grant or issue to employees or directors of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares;

shall not exceed 20 per cent 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

(d) for the purposes of this Resolution:

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

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and

(iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting of the Company; and

"Rights Issue" means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their holdings of such 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)."

(B) "**THAT**

(a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined in resolution 4(A)(d) set out in the Notice of this Meeting) of all the powers of the Company to purchase Shares of the Company on The Stock Exchange of Hong Kong Limited or on any other exchange on which the securities of the Company may be listed and which is recognised by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited, subject to and in accordance with all applicable laws, and in accordance with the provisions of, and in the manner specified in, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited be and the same is hereby generally and unconditionally approved; and

(b) the approval in paragraph (a) of this resolution shall, in addition to any other authorisation given to the Directors, authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to purchase its own Shares at a price to be determined by the Directors; and

(c) the aggregate nominal amount of the Shares of the Company to be purchased or agreed conditionally or unconditionally to be purchased by the Directors pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of this Resolution, and the said approval shall be limited accordingly."

(C) "**THAT**

conditional upon the passing of the resolutions 4(A) and 4(B) set out in the notice of this Meeting, the aggregate nominal amount of the Shares in the Company which are repurchased by the Company pursuant to and in accordance with the said resolution 4(B) shall be added to the aggregate nominal amount of the shares in the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally by the Directors pursuant to and in accordance with the said resolution 4(A)."

By Order of the Board
Tsang Kwong Chiu, Kevin
Company Secretary

Hong Kong, 10 July, 2002

Registered Office:
Clarendon House
Church Street
Hamilton HM11
Bermuda

Notes:

1. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend the meeting and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the 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 such power or authority, must be deposited at the Company's principal office in Hong Kong, Unit 3, 12th Floor, Cheung Fung Industrial Building, 23-39 Pak Tin Par Street, Tsuen Wan, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you wish.
3. The register of members of the Company will be closed from 28 August to 30 August, 2002, both days inclusive, for the purpose of establishing entitlement of shareholders to vote at the forthcoming Annual General Meeting.