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Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

(Website: <http://www.peacemark.com>)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH, 2003

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, 2003.

	<i>Note</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i> <i>(Restated)</i>
Turnover	<i>1</i>	1,119,099	937,010
Cost of sales		(925,476)	(801,344)
Gross profit		193,623	135,666
Other revenue		19,668	12,915
Distribution costs		(43,979)	(23,207)
Administrative expenses		(70,351)	(64,156)
Other operating expenses		(5,332)	(12,247)
Profit from operations	<i>2</i>	93,629	48,971
Share of loss of a jointly controlled entity		(6,194)	–
Finance costs	<i>3</i>	(13,407)	(9,264)
Profit before taxation	<i>1</i>	74,028	39,707
Taxation	<i>4</i>	(7,995)	(4,577)
Profit after taxation		66,033	35,130
Minority interests		(7,834)	1,267
Profit attributable to shareholders		58,199	36,397
Dividends	<i>5</i>	17,739	–
Earnings per share	<i>6</i>		
Basic (cents)		13.80	18.18
Diluted (cents)		13.79	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, trading, distribution and related service income 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.

	2003	2002
	Turnover <i>HK\$'000</i>	Segment results <i>HK\$'000</i>
	Turnover <i>HK\$'000</i> <i>(Restated)</i>	Segment results <i>HK\$'000</i> <i>(Restated)</i>
United States of America	568,502	74,919
Asia	301,038	39,166
Europe	210,391	28,403
Latin America	39,168	7,156
	<u>1,119,099</u>	<u>149,644</u>
		<u>937,010</u>
Other revenue		12,915
Unallocated expenses		(76,403)
Finance costs		(9,264)
Share of loss of a jointly controlled entity		–
Profit before taxation		<u>39,707</u>

2. Profit from operations

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>

Profit from operations has been arrived at after charging and (crediting) the following:

Depreciation		
– Owned assets	34,857	29,060
– Assets under finance leases	1,454	2,380
Amortization of intangible assets	5,399	3,344
Amortization of goodwill	719	617
Loss on disposal of investment securities	–	10,823
Staff costs	45,926	40,877
Write-off of current assets	442	6,640
Realization of negative goodwill	(4,101)	–
Interest income	<u>(5,128)</u>	<u>(5,090)</u>

3. Finance costs

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Term loans, syndicated loan and bank overdrafts wholly repayable within five years	13,286	9,084
Obligations under finance leases	<u>121</u>	<u>180</u>
	<u>13,407</u>	<u>9,264</u>

4. Taxation

Taxation in the consolidated income statement represents:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
<i>Hong Kong Profits Tax</i>		
Current year	4,119	2,868
Underprovision in prior year	516	56
Deferred taxation	3,360	1,653
	<u>7,995</u>	<u>4,577</u>

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

5. Dividends

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Interim dividend of HK1.5 cents per share (2002: Nil)	8,276	–
Final dividend of HK1.5 cents per share (2002: Nil)	9,463	–
	<u>17,739</u>	<u>–</u>

A final dividend in respect of 2003 of HK1.5 cents per share amounting to approximately HK\$9,463,000 was proposed by the Directors after the balance sheet date. The proposed dividend has not been accounted for until it is approved at the forthcoming Annual General Meeting.

6. Earnings per share

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

	2003	2002 <i>(Restated)</i>
(a) <i>Basic earnings per share</i>		
Profit attributable to shareholders (in HK\$'000)	58,199	36,397
Weighted average number of shares (in '000)	421,755	200,186
Basic earnings per share (cents)	<u>13.80</u>	<u>18.18</u>
(b) <i>Diluted earnings per share</i>		
Profit attributable to shareholders (in HK\$'000)	58,199	36,397
Weighted average number of shares (in '000)	421,755	200,186
Potential dilutive shares (in '000)	428	–
Adjusted weighted average number of shares (in '000)	<u>422,183</u>	<u>200,186</u>
Diluted earnings per share (cents)	<u>13.79</u>	<u>N/A</u>

REVIEW OF OPERATIONS

Throughout the year, Peace Mark Group's management team continued to improve the overall efficiencies of existing and newly acquired operations while working closely with each division to develop long-term goals and strategies. These developments help us prepare for the ever-changing business developments taking place worldwide. The Group's ultimate goal is to enhance our future competitiveness within the global timepiece marketplace and to improve our abilities to meet the demands of our diverse customer groups.

Peace Mark is closely monitoring the progress of our Vertical Integration Strategy. Streamlining operations between our manufacturing plants and downstream operations have enabled us to provide our existing and potential customers with unmatched one-stop services ranging from product design and engineering to after-sales follow-up and repairs.

CHINA

Production Facilities

The vertical integration strategy implemented over the past few years is showing encouraging results. Anticipated benefits such as margin improvements and lower yield losses are beginning to materialize and we are working closely with our production divisions to monitor this progress. Thanks to our well-coordinated and properly managed vertical integration process, we are now in an excellent position to receive additional Japanese orders, as we are able to monitor quality control at every level of our vertically integrated production process. Despite these positive results, we still make every effort to ensure our continuous improvement in our commitment to stay ahead of our peers. For example, Peace Mark was a pioneer in the implementation of ionized plating technology in the timepiece manufacturing industry. This technology is currently being fully exploited in our plating facility and we are producing watches with superior aesthetics and appearance. Additionally, we improved our component and mould-making capabilities even further, to make sure that our design and quality standards will meet the most stringent expectations in the most efficient manner.

Repair Service Center

To better position ourselves in the China market, Peace Mark is planning to set up a network of service centers for watches in China. The network will be positioned and designed to serve the high-end market, and for Swiss-made watches in particular. The PRC repair service centers are a long-term strategic move to partner world-renowned timepiece companies and the Group has invited selected luxury brands to join forces with Peace Mark to explore this huge potential market. We have been negotiating with various luxury timepiece companies for authorized service agency agreements.

In 2001/02, we sent our employees to Switzerland for service and repair training. As a result, a major watch movement manufacturer has issued certificates to our employees in recognition of their professional timepiece repairing skills. This demonstrates the tremendous progress we have made in obtaining the necessary skills in servicing Swiss watches.

We have been operating two service centers in Guangzhou since the end of 2002. The third service center in Shenzhen will begin operation in July, 2003. Fully equipped with Swiss equipment, the service centers serve as pilot centers for Peace Mark. The two service centers also help to facilitate and strengthen our negotiations with the world's leading brands, as we are able to demonstrate that we have both the necessary hardware and software capabilities to service high end watches. We expect expansion plans for the service centers to speed up towards the end of our negotiating processes with the world's luxury brands, as this will limit the business risk for the service centers' expansion plans.

We are also in the completion stages of setting up our training center within our facility grounds in Xixiang, China. This training center will help to support the expansion needs of our repair service centers and also our production facilities.

Distribution

With regard to our geographical penetration, we will continue the expansion of our distribution network and sales channels to enable us to sell our products through local distributors to the retail level to capture maximum profit. Having evaluated the market, we will limit the possibilities of establishing our own retail stores in the short term.

In the PRC market, through our partnership with 18 reputable distributors with strong brand portfolios and credit histories, over 100 sales points have been established across the country. These distribution points range from world-leading department stores to specialist timepiece retail stores. Two brands, Pierre Cardin and Montana, are currently available at these distribution outlets and we are preparing to further introduce two other brands, Umbro and Fiorucci, to these distribution points shortly. A wholesale showroom was also established in Guangzhou in October 2002 to display our own brands and licensed brand products.

Looking forward, Peace Mark plans to reach 200 sales points by the end of 2004. To this end, we will continue to closely monitor the financial and operating performances of our PRC distributors as well as apply stringent controls over them to ensure that all activities are in line with the Group's business expansion and brand policies.

ASIA PACIFIC REGION

The Asian market is an important market of the Group where we anticipate tremendous growth in the years to come. Other than China, the Group has made significant progress in the Asia Pacific region as we have strengthened our business relationship with important customers and business associates in key markets such as Japan and Taiwan. Through our subsidiary companies, our network of distributors and agents in Singapore, Korea, Malaysia, Taiwan and Saudi Arabia is also growing and we expect this to further promote our licensed brands such as Umbro, Montana and Fiorucci.

During the final quarter of our 2002/03 financial year, we were appointed as one of the authorized manufacturers of a major Japanese watch brand. This significant achievement further exemplifies the world-class quality standards that we have achieved. We remain committed to continually improving our manufacturing and management standards to ensure that we can maintain an edge over our competitors.

THE AMERICAS

North America

The United States has always been one of the Group's core markets and this trend is expected to continue in the future. The ongoing market trend is for major customers around the world to buy direct from manufacturers who meet their standards and requirements. As a step forward in developing the Group's downstream business in the North American region, the Group entered into a joint venture with a long term customers, Omni to enhance marketing and distribution in the U.S. market. The joint venture operation, which officially began on 2 January, 2003, aims to integrate Omni's existing customer base, sales force, and other business assets with Peace Mark's resources. Through the joint venture, the Group gained over 17,000 sales points coupled with an experienced sales team. The sales points cover major chain stores, upscale department stores and drug chain stores in the U.S., and serve as a well-established and comprehensive distribution network as well as a nationwide logistics set-up for the Group.

In short, the joint venture serves to complement Peace Mark's downstream expansion plans by facilitating, marketing and distributing the various brands that the Group owns or licenses, to the sales points. The Group will continue to develop the distribution network within upscale department stores to pave the way for our future development plans for upscale brand names like Bill Blass under our brand portfolio. By successfully forming the joint venture, we not only avoid wasting time and resources in developing our own distribution network, but we can also enjoy higher profit margins through joining hands with a business partner, whose proven business model has been successful for the past twenty years and more.

Latin America

Latin America is a lucrative market with immense upward potential owing to its huge population. With a combination of proper management controls and sound strategy execution, the Latin American mass market can become a noteworthy market in the Group's ongoing expansion plans. Despite the recent economic crisis, the consumer market still stands strong, owing to the disparity of wealth within the local population.

Through our associates in Latin America, we are currently selling our own brands: Cornell and Aerostar, together with our licensed brands: Umbro and Montana, directly to major department stores and various chain store outlets throughout the region. Similar to our distribution business in PRC, we are teaming up with reputable distributors with strong credit history and brand management track records. We are also monitoring our Latin America associates from a financial standpoint to ensure that our business risk is minimized.

Looking forward, the Group will continue to expand within the Latin America market by cooperating with our business associates. As a logical extension, the Latin America market may also become a secondary market for our North American joint venture business, as mass-market consumers generally tend to follow previous trends set by the North American fashion and sports brands.

EUROPE

Europe is the Group's third most important market and our business contacts within that particular region are growing. While the OEM and ODM customer base remains strong, demand for licenced and own brand products are also growing. With the combination of the strong Euro and our well-established fundamentals, Peace Mark is positioned to gain a stronger foothold in the European market.

The acquisition of the Milus brand name and other related business assets with a significant strategic move for Peace Mark to enhance its brand portfolio. Through this strategic move, Peace Mark also capitalized on the design and production expertise of the high-end brand names as well as Milus' sales and marketing channels worldwide.

The re-launch of the new Milus targets the luxury timepiece sector. Milus International S.A. participated in the 2003 World Watch and Jewellery Fair in Basel where the new Milus series were exhibited. The re-launched models retain all the familiar brand hallmarks with "perfect attention to detail" and "an exceptional personal commitment in every area". Paul Junod, head of the design team, represents the family name now in its third generation in the company and upholds the distinctive Milus style. The new creations incorporate the history of Montres Milus dating back over 80 years with soft, clear forms, and that unique extra touch. These new collections are tailored to the wishes of today's elegant women and men who like to express their individual personalities by wearing unique and sophisticated timepiece.

Based on our presence at the Basel Fair 2003 and the re-launch of the Milus brand, the general impression has been extremely positive, with promising signs for the future prospects of the brand. Additionally, distributors, media and opinion leaders have reaffirmed our positioning concept to place the Milus brand on par with the most valuable male brands with a focus on long-established distribution networks in Europe, Middle East, USA and Asia. The long-term plan to market the Milus brand in the women's luxury segment also received the recognition of important opinion leaders.

Looking forward, the latest trends show that customers are taking a growing interest in luxury products. Taking this into consideration, Milus International S.A. will unite time and jewellery, and the luxury into a new era. With a marketing plan focusing on a HIGHLY PERSONAL strategy, Milus will aim to target elegant women and men around the world.

Future Development and Prospects

Peace Mark will play an important role in the international timepiece industry. Backed by solid financial support, we are in a position to deliver top quality design, manufacturing, distribution, and after-sales services, unrivalled in the global marketplace. While focusing on expanding our own brand and licensed products, Peace Mark will also broaden our distribution network to better serve our customers around the world. Exploring the emerging PRC market is also crucial to our growth. We are committed to becoming a global player, providing our customers with unmatched products and services in timepiece design, manufacturing, distribution, and after-sales services.

FINANCIAL OVERVIEW

Turnover

This year Peace Mark reported the consolidated turnover of HK\$1,119.1 million representing a year-on-year growth of 19.4%. The increase was mainly attributable to the commencement of US marketing and distribution business, full year operation of Milus, increased orders from Japanese customers and selling the products to new markets such as China and Latin America.

Gross profit

The gross profit for the year ended 31 March, 2003 amounted to HK\$193.6 million representing a year-on-year growth of 42.7%. The gross profit margin has improved from 14.5% to 17.3% this year. The increase reflected the results of cost saving arising from the vertically integrated production process, better margin from downstream distributions and a higher margin business mix.

Earnings before interest, tax, depreciation and amortization (“EBITDA”)

The Group’s EBITDA amounted to HK\$129.9 million for 2003 (2002: HK\$84.4 million) reflecting a strong operation cash inflow of the business.

Profit attributable to shareholders

Profit attributable to shareholders increased to HK\$58.2 million for 2003 after sharing the minority interests of HK\$7.8 million. This showed an encouraging improvement of 60% increase per annum which was due to the materialization of the strategies in downstream expansion, vertically integrated production as well as market and product diversification.

FUNDING AND TREASURY POLICIES

The Group’s treasury policy is to manage the Group’s assets and liabilities to reduce its exposure to fluctuation in foreign exchange and interest rates.

In the normal course of business, the Company enters into certain derivative contracts 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. About 85% 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 there is material financial impact to the Group.

As at 31 March, 2003, all the Group’s borrowings were at floating rates with approximately HK\$150 million of borrowings being hedged by interest rate swaps.

EMPLOYEES AND THE REMUNERATION POLICY

As at 31 March, 2003, the Group employed a total of approximately 1,800 employees worldwide.

The Group remunerates its employees based on their performance, experience and prevailing industry practices. In addition, the Group has established discretionary bonuses and employee share option schemes to motivate and reward employees to achieve the Company’s business performance targets.

DIVIDEND

The Directors have resolved to recommend to Shareholders at the Company's forthcoming annual general meeting the payment of a final dividend of HK1.5 cents per share for the year ended 31 March, 2003 (2002: nil). The final dividend will be paid to the Shareholders whose names appear on the register of members of the Company on Friday, 1 August, 2003, with a scrip alternative to offer the right to Shareholders to elect to receive such final dividend wholly or partly by allotment of new shares credited as fully paid in lieu of cash (the "2003 Final Scrip Dividend Scheme"). Mr. Chau Cham Wong, Patrick, Chairman of the Company and its concerted parties, altogether holding 316,814,951 shares, representing approximately 50.2% of the issued share capital of the Company, have indicated to the Directors that they intend to take up their dividend entitlements wholly in shares.

A circular containing details of the 2003 Final Scrip Dividend Scheme together with an election form, where applicable, will be sent to the shareholders of the Company as soon as practicable. The 2003 Final Scrip Dividend Scheme is subject to the following conditions: (a) the approval of the proposed final dividend at the forthcoming annual general meeting to be held on Friday, 1 August, 2003; and (b) the granting by the Listing Committee of the Stock Exchange of Hong Kong Limited of the listing of and permission to deal in the new shares to be issued pursuant to the 2003 Final Scrip Dividend Scheme. Dividend warrants and share certificates in respect of the 2003 Final Scrip Dividend Scheme are expected to be despatched to Shareholders on or about 8 September, 2003.

BONUS ISSUE OF WARRANTS

To celebrate the 10th listing anniversary of the Company on the Stock Exchange of Hong Kong Limited, the Directors propose a bonus issue of warrants (the "Bonus Warrants") to the shareholders as referred to below. The Directors propose the Bonus Warrants be issued to shareholders whose names appear on the register of members of the Company on Friday, 1 August, 2003 on the basis of one Bonus Warrant for every five shares held by such shareholders (the "Bonus Warrant Issue"). The Bonus Warrants will be issued in registered form and will be exercisable at any time from 5 August, 2003 (being the expected date of issue) until 4 August, 2005, both dates inclusive. Each Bonus Warrant will entitle the holder thereof to subscribe for one new share at an initial subscription price of HK\$0.65, subject to adjustment in accordance with the terms of the Bonus Warrants. The Directors consider the initial subscription price of HK\$0.65 per share is appropriate after taking into account, among others, the results of the Group for the year ended 31 March, 2003, its prevailing financial position and the share price performance of the shares of the Company in the past two months. The subscription price represents approximately 20.7% discount to the closing price of the share as quoted on the Stock Exchange on 26 June, 2003; approximately 15.7% discount to the average closing price of the shares of HK\$0.771 for the 10 trading days prior to and including 26 June, 2003; and approximately 6.7% discount to the average closing price of the shares of HK\$0.697 for the 20 trading days prior to and including 26 June, 2003 and approximately 20.4% premium to the average closing price of the shares of HK\$0.540 for the 50 trading days prior to and including 26 June, 2003.

No Bonus Warrants will be issued to any shareholders whose registered address (as shown on the register of members of the Company as at the close of business on Friday, 1 August, 2003) is outside Hong Kong. However, arrangements will be made for the Bonus Warrants which would otherwise have been issued to such shareholders to be sold in the market as soon as practicable after dealings in the Bonus Warrants commence, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to such persons at their own risk pro rata to their respective entitlements, unless the amount falling to be distributed to any such person is less than HK\$100, in which case such amount will not be distributed but will be retained for the benefit of the Company.

Fractional entitlements to the Bonus Warrants will not be issued but will be aggregated and sold for the benefit of the Company in accordance with the Bye-laws of the Company.

Based on the issued share capital of the Company of 631,739,833 shares in issue, 126,347,966 Bonus Warrant will be issued and assuming that all the outstanding 2,000,000 options were exercised, an additional 400,000 Bonus Warrant would be issued. In aggregate, a maximum of 126,747,966 units of Bonus Warrants carrying subscription rights of HK\$82,386,177.9 will be issued.

The Bonus Warrant Issue will be conditional upon (a) the approval of shareholders at the forthcoming special general meeting to be held on Friday, 1 August, 2003; (b) the granting by the Listing Committee of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") of the listing of and permission to deal in the Bonus Warrants and the shares falling to be issued upon the exercise of the subscription rights attached to the Bonus Warrants; and (c) the Bermuda Monetary Authority granting approval for the issue of the Bonus Warrants pursuant to the Bonus Warrant Issue and the shares falling to be issued upon the exercise of the subscription rights attached to the Bonus Warrants. The Directors believe that the Bonus Warrant Issue will provide shareholders with the opportunity to participate further in the future growth of the Group.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Bonus Warrants.

A circular containing details of, among others, the proposed bonus issue of warrants and the notice convening a special general meeting of the Company for the purpose of approving the proposed bonus issue of warrants will be sent to shareholders as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 30 July, 2003 to Friday, 1 August, 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and Bonus Warrant Issue, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Secretaries Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 29 July, 2003.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 1 August, 2003.

PURCHASE, SALES, OR REDEMPTION OF THE COMPANY'S SECURITIES

In March 2003, the Company purchased a total of 1,000,000 (2002: Nil) fully-paid shares on the Stock Exchange at a total consideration of HK\$420,000 (2002: Nil) for the purpose of enhancing its earnings per share. These shares were purchased at a price of HK\$0.42 per share and all these shares have been duly cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

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, 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except that Independent Non-Executive Directors are not appointed for a specific term but they are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Company's Bye-laws. In the opinion of the Directors, this meets the same objective as the Code of Best Practice.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited financial statements for the year ended 31 March, 2003.

PUBLICATION OF ANNUAL RESULTS ON WEBSITE

The financial information required to be disclosed under paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere thanks to all our staff, the management team and board members for their hard work and dedication. Their commitment to the Group, along with the support of shareholders, bankers, customers and suppliers, has been crucial to our long-term success.

On behalf of the Board
Chau Cham Wong Patrick
Chairman

Hong Kong, 26 June, 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting (“AGM”) 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 1 August, 2003 at 4:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements of the Company, the reports of the directors (the “Directors”) and auditors (the “Auditors”) of the Company for the year ended 31 March, 2003;
2. To declare a final dividend for the year ended 31 March, 2003;
3. To re-elect the Directors and to authorize the Board of Directors to fix their remuneration; and
4. To re-appoint the Auditors of the Company for the ensuing year and to authorize the Board of Directors to fix their remuneration.

By Order of the Board
Tsang Kwong Chiu Kevin
Company Secretary

Hong Kong, 26 June, 2003

Registered Office:
Clarendon House
Church Street
Hamilton HM11
Bermuda

Notes:

1. A member entitled to attend and vote at the AGM may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each proxy is so appointed.
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 thereof, must be deposited at the Company's head office and principal place of business in Hong Kong at 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 AGM 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 Wednesday, 30 July, 2003 to Friday, 1 August, 2003, both days inclusive, during which period no transfer of shares will be registered.
4. To be qualified for the above-mentioned final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Secretaries Limited at Ground Floor, Band of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 29 July, 2003.

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