



Hopewell Highway Infrastructure Limited

合和公路基建有限公司*

(Incorporated in the Cayman Islands with limited liability)

FINAL RESULTS FOR THE YEAR ENDED 30TH JUNE, 2003

CHAIRMAN'S STATEMENT

It gives me great pleasure to pen this first Chairman's Statement for our new subsidiary, Hopewell Highway Infrastructure Limited ("HHI"). With the listing of HHI on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6th August, 2003, we have achieved another milestone in Hopewell Holdings Limited's ("Hopewell Holdings") 31-year history. The formation of HHI clearly illustrates the growth and strength of the Group's expressway infrastructure business and ensures that we provide our investors with greater corporate transparency in regards to this business and our future investment plans.

HHI now owns interests in three toll expressways, including the Guangzhou-Shenzhen Superhighway ("GS Superhighway"), Guangzhou ESW Ring Road ("ESW Ring Road") and Western Delta Route. It is through HHI, that Hopewell Holdings will continue to develop our transport infrastructure interests in Guangdong and the Pearl River Delta. These interests include the proposed Hong Kong-Zhuhai-Macau Bridge-Tunnel project and Phases 2 and 3 of the Western Delta Route. We believe that these projects are logical and significant steps in the development of the Pearl River Delta as a region and in the natural integration of the city economies of the western Pearl River Delta, Macau and Hong Kong.

HHI is an independently listed company, 75% owned by Hopewell Holdings, with a Board and management team that is independent, yet also has the strong backing, of Hopewell Holdings. Through its background and pedigree, HHI has the advantage of having a strong track record, favourable tax concessions and the ability to expand our expressways on land already owned by HHI's joint venture companies as traffic growth dictates.

As the reorganization for the HHI Group was only effected on 30th June, 2003, no dividends were declared by the Board for this fiscal year. However, in the absence of unforeseen circumstances, the Board intends to recommend and pay at least HK\$0.225 per share in total dividends for the next financial year, as stated in the Group's Initial Public Offering prospectus.

Financial Status

Net profit for fiscal year 2003 stood at HK\$533 million, a slight increase over last year's HK\$532 million. Earnings per share, subsequently, remained flat at HK\$0.25 per share.

Core earnings, however, defined as net profit excluding interest income from shareholder's loan, increased 17% from HK\$433 million in fiscal year 2002 to HK\$507 million this fiscal year, reflecting the true strength of HHI's expressway projects. Both GS Superhighway and ESW Ring Road recorded impressive growth rates this fiscal year.

	Fiscal year		<i>% change</i>
	2002	2003	
GS Superhighway			
Average Daily Traffic (<i>No. of vehicles</i>)	123,191	155,394	26%
Average Daily Revenue (<i>RMB</i>)	5,183,936	5,778,931	11%
ESW Ring Road			
Average Daily Traffic (<i>No. of vehicles</i>)	32,757	38,930	19%
Average Daily Revenue (<i>RMB</i>)	486,738	590,053	21%

HHI's interest income from shareholder's loans to our joint-venture companies, on the other hand, fell from HK\$99 million in fiscal year 2002 to HK\$26 million in fiscal year 2003 as a result of the repayment of these loans, again reflecting the strong performance of our assets. This decrease in interest income offset a large proportion of the increase in net profit growth. As interest income will remain a very small portion of HHI's income, our future earnings figures will truly reflect the strength of our expressways.

Business Review

After the PRC Central Government's adoption of an open-door policy for economic reform, twenty-five years ago, Hopewell Holdings's group entered the PRC market confidently with the vision that roads would help drive the economic and industrial growth of Guangdong and the Pearl River Delta. We identified and planned highway routes, formed joint venture arrangements with PRC partners and helped supervise the design, construction, project financing and operation of highways which are today meeting the demands of record traffic growth and car ownership. The result is 180 kilometers of dual three-lane toll expressways.

The dual three-lane GS Superhighway, now in its ninth year of operation, remains the main expressway linking Hong Kong and Guangzhou, forming a vital north-south corridor in the eastern Pearl River Delta. The ESW Ring Road runs along the eastern, southern and western fringes of Guangzhou city with connections that form a ring road surrounding Guangzhou city. With these expressways in operation, we have now turned our focus on the western reaches of the Pearl River Delta. The result is Phase 1 of the Western Delta Route, currently under construction and expected to be completed by mid 2004. This will offer a strategic high-speed link between Guangzhou and Shunde, reducing the journey time between these two major cities from 40 minutes to 10-15 minutes.

Our expressway systems have grown hand-in-hand with the economic development of the Pearl River Delta over the past two decades. Since fiscal year 1995 to fiscal year 2003, GS Superhighway has seen compound annual growth in its average daily toll traffic flow of 18%. Even during the outbreak of Severe Acute Respiratory Syndrome (SARS) this year, our average daily revenue and traffic continued to record robust growth over the previous year's figures.

The Future

The high rate of economic growth in Guangdong and across the Pearl River Delta have contributed to considerable GDP and per capita income growth, which in turn have generated record growth for vehicle production and ownership. HHI believes that these factors will continue to increase traffic flow along its expressways. At the same time, the demand for new or expanded roads to meet traffic demand means HHI must focus on future projects. With its proven track record, concession rights and its solid relationships with PRC partners, HHI can pursue such new projects with clear competitive advantages.

The long-term significance of expressways will continue to be enhanced by the economic importance of the Pearl River Delta, as well as a gradual relaxation of border restrictions, the Closer Economic Partnership Arrangements between PRC and Hong Kong and the opening of new connecting roads and feeder routes. The completion of Phase 1 of the Western Delta Route will generate further demand for high-speed routes between the Pearl River Delta's major cities. HHI retains the concession rights for Phases 2 and 3 of the Western Delta Route and the development of these routes is being actively pursued.

HHI also sees the development of a bridge and tunnel connecting Zhuhai and Macau with Hong Kong as strategically important to the economic integration of the major cities of the Pearl River Delta. HHI has devoted significant efforts to promoting this project and will continue to actively pursue it. We believe that we are well positioned to participate in this project.

Employees

As of 30th June, 2003, the Group had a total of 31 full-time staff, with 26 in Hong Kong and 5 in the PRC. We provide competitive remuneration packages to our employees based on the market conditions and individual performance. Besides, we also provide various fringe benefits including medical and personal accident insurance coverage. To maintain the efficiency of our staff, training programs are conducted on an ongoing basis throughout the Group.

Publication of further information on the Stock Exchange's website

All the information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

Acknowledgement

I would like to take this opportunity to thank my fellow directors, senior management teams and all staff for their hard work during this past financial year and their commitment to our platform for growth. My gratitude also goes to our shareholders, financiers and business partners for their invaluable support.

Sir Gordon Ying Sheung WU, KCMG, FICE
Chairman

Hong Kong, 8th September, 2003

** For identification only*

FINANCIAL REVIEW

Group Results

Highlights

- Toll revenue increased by 12% to HK\$1,030 million;
- Net profit excluding interest income from shareholder's loans increased 17% to HK\$507 million;
- Total Debt decreased by 14% to HK\$6,380 million;

Toll revenue increased by 12% to HK\$1,030 million from HK\$918 million from the previous financial year, driven in large part by the increase in traffic flow of the Group's superhighways in the PRC. Of total toll revenue, GS Superhighway contributed 92%, or HK\$944 million, and ESW Ring Road contributed 8%, or HK\$86 million. Of the HK\$112 million increase in toll revenue from the last fiscal year, GS Superhighway contributed HK\$97 million, or 87%, and ESW Ring Road contributed HK\$15 million, or 13%. Other operating income decreased by 55% from HK\$152 million to HK\$68 million, largely driven by the decrease in interest income derived from the Group's shareholder's loans to the GS Superhighway JV, which was fully repaid in February 2002. Total revenue (including toll revenue and other operating income) increased 3% from HK\$1,070 million in fiscal year 2002 to HK\$1,098 million in fiscal year 2003.

Net profit excluding interest income from shareholder's loans increased 17% from HK\$433 million in fiscal year 2002 to HK\$507 million this fiscal year. Net profit totalled HK\$533 million, approximately the same as HK\$532 million from the previous financial year. Generally, the decrease in interest income from shareholders loans due to the loan repayment from the GS Superhighway JV was more than compensated for by the strong growth in toll revenue.

Total expenses, including toll operating expenses, depreciation and amortisation expenses and general and administrative expenses increased from HK\$289 million in fiscal year 2002 to HK\$329 million in fiscal year 2003, mainly due to the increase in repair and maintenance cost and depreciation charges. Since, under the Group's accounting policies, depreciation and amortisation charges are calculated based on the ratio of actual traffic volume compared to the total expected traffic volume over the remaining period of respective jointly controlled entities, depreciation and amortisation charges were higher this year due to the stronger growth of traffic. Finance costs decreased 9% from HK\$221 million to HK\$201 million due to the lower interest rate environment. The Group's effective tax rate increased from 3.4% to 4.3%. Income tax expenses increased by 28% from HK\$19.3 million to HK\$24.7 million due to an increase in deferred tax provisions.

Liquidity and Financial Resources

During the year, the Group repaid HK\$577 million of bank and other loans and HK\$668 million of amount due to holding companies. As a result of the stable cash flow generated from its assets, the Group improved its total debt to total assets ratio, from 57% as at 30th June, 2002 to 51% as at 30th June, 2003. Assuming the Initial Public Offering in August 2003 was completed during fiscal year 2003, on a pro forma basis, the total debt to total assets ratio would have been 38% as at 30th June, 2003 and the pro forma net debt to total equity ratio would have been 37% as at 30th June, 2003. Net cashflow was HK\$204 million for fiscal year 2003.

The Group's gearing structure is set out as follows:

	At 30th June,		
	2002	2003	Pro Forma⁽³⁾
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Equity ⁽¹⁾	5,321	5,846	8,726
Total Debt	7,408	6,380	5,465
Total Net Debt ⁽²⁾	7,310	6,079	3,200
Total Assets	<u>12,933</u>	<u>12,487</u>	<u>14,451</u>
Total debt/Total assets	57%	51%	38%
Net debt/Total equity	137%	104%	37%

Notes:

(1) Assumes HK\$4,500 million of the amounts due to holding companies are capitalised;

- (2) Net debt is defined as total debt less bank and cash balances;
- (3) Assuming the Initial Public Offering in August 2003 was completed during fiscal year 2003, on a pro-forma basis, the balance at 30th June, 2003 was adjusted for estimated net listing proceeds of HK\$2,880 million less repayment of bank loans of HK\$372 million and repayment of shareholder's loans advanced by holding companies of HK\$544 million.

The maturity profile of the Group's bank borrowings at 30th June, 2003 as compared with that at 30th June, 2002 is shown as follows:

	Less than 1 year	Over 1 year	
The Group (Unconsolidated)			
At 30th June, 2003	16%	84%	
At 30th June, 2002	43%	57%	
	Less than 1 year	1-5 years	Over 5 years
The Joint Venture companies (Proportionately shared)			
At 30th June, 2003	6%	44%	50%
At 30th June, 2002	4%	38%	58%

The Group (unconsolidated) borrowings are denominated in Hong Kong dollars and carry interest at floating rates. The Joint Venture companies borrowings are denominated in US dollars and Renminbi and carry floating interest rates.

The Group's average interest rate for bank loans for fiscal year 2003 was 2.7% (2002: 3.6%).

CONSOLIDATED INCOME STATEMENT

The audited consolidated income statement of the Company and its subsidiaries (the "Group") for the year ended 30th June, 2003 is as follows:

	<i>Notes</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Turnover		918,450	1,030,350
Other operating income		151,639	68,055
Toll operation expenses		(77,549)	(87,803)
Depreciation and amortisation expenses		(160,905)	(186,310)
General and administrative expenses		(50,222)	(54,864)
Profit from operations	2	781,413	769,428
Finance costs	3	(220,635)	(200,628)
Profit before tax		560,778	568,800
Income tax expense	4	(19,298)	(24,740)
Profit after tax		541,480	544,060
Minority interests		(9,051)	(10,981)
Profit for the year		<u>532,429</u>	<u>533,079</u>

Dividends	5	<u>2,200,000</u>	<u>–</u>
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share – basic	6	<u>0.25</u>	<u>0.25</u>

Notes:

1. Corporate reorganisation and basis of preparation of financial statements

The Company was incorporated on 14th January, 2003 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's ultimate holding company is Hopewell Holdings Limited, a public limited liability company incorporated in Hong Kong whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to a group reorganisation (the "Corporate Reorganisation") to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the listing of the Company's shares (the "Listing") on the Stock Exchange, the Company issued shares in exchange for the entire issued share capital of Jetgold Limited, Yager International Limited and Wilberforce International Limited and thereby became the holding company of the Group on 30th June, 2003.

On 23rd July, 2003, 2,156,879,750 shares of HK\$0.1 each were allotted and issued, credited as fully paid at par, on capitalisation of the sum of HK\$4,500 million due to holding companies of the Group ("Capitalisation Issue").

On 5th August, 2003, 720,000,000 new shares of the Company of HK\$0.1 each were issued at HK\$4.18 per share for cash through an initial public offering by way of public offer.

Details of the above issues of shares are set out in the prospectus dated 28th July, 2003 issued by the Company. The shares of the Company have been listed on the Stock Exchange with effect from 6th August, 2003.

The Group resulting from the Corporate Reorganisation is regarded as a continuing entity. Accordingly, the financial statements have been prepared on using the principles of merger accounting.

The measurement currency of the operations of the Group's jointly controlled entities is Renminbi. However, the financial statements are presented in Hong Kong dollars as the directors consider this presentation is more useful for its current and potential investors.

2. Profit from operations

	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Profit from operations has been arrived at after charging:		
Auditors' remuneration	725	744
Directors' emoluments	3,382	2,682
Exchange losses, net	–	1,236
Other staff costs (excluding directors)	41,260	46,001
Amortisation of additional investment cost in jointly controlled entities	28,249	32,102
Depreciation of:		
Toll roads	128,063	150,031
Other property and equipment	<u>4,593</u>	<u>4,177</u>

3. Finance costs

	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Interest on:		
Bank loans	176,177	173,005
Loan from a jointly controlled entity	16,511	21,653
Loan from a joint venture partner	669	297
Amount due to ultimate holding company	4,024	–
Other loans	19,209	4,774
	<hr/>	<hr/>
	216,590	199,729
Other financial expenses	4,045	899
	<hr/>	<hr/>
Total borrowing costs	<u>220,635</u>	<u>200,628</u>

4. Income tax expense

	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
PRC income tax	398	235
Deferred taxation	18,900	24,505
	<hr/>	<hr/>
	<u>19,298</u>	<u>24,740</u>

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong.

Pursuant to relevant laws and regulations in the PRC, the Group's jointly controlled entities are entitled to certain exemption from and relief from PRC income tax. The normal tax rate applicable to the taxable income of a foreign investment enterprise in the PRC is 33%, comprising the standard national tax rate of 30% and the local tax rate of 3%.

Pursuant to an approval from the Guangdong Tax Bureau, the rate of foreign enterprise income tax payable by 廣深珠高速公路有限公司 Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV"), a jointly controlled entity of the Group, in respect of its income arising from the operation of toll roads and related service facilities (excluding hotels and entertainment facilities) is 15% and GS Superhighway JV is entitled to a five year exemption from foreign enterprise income tax for such income commencing from the first profit-making year, as computed under PRC accounting standards and tax regulations. For the following five years, it will enjoy a 50% reduction in the rate of income tax payable in respect of such income. Pursuant to another approval from the Guangdong Tax Bureau, GS Superhighway JV is also exempt from paying a local income tax (currently set at a rate of 3%) in respect of income arising from the operation of toll road and related service facilities for ten years commencing from the first profit-making year. The first year for which GS Superhighway JV recorded profits for PRC tax purposes was the year ended 31st December, 2000.

Pursuant to an approval from the Guangzhou branch of the State Tax Bureau, the rate of foreign enterprise income tax payable by 廣州東南西環高速公路有限公司 Guangzhou E-S-W Ring Road Company Limited (“Ring Road JV”), another jointly controlled entity of the Group, in respect of its income arising from the operation of toll road is 15%. Pursuant to an approval from the Guangzhou Municipal Government, Ring Road JV is entitled to a five year exemption from foreign enterprise income tax for income arising from the operation of toll road commencing from the first profit-making year, as computed under PRC accounting standards and tax regulations. For the following five years, it will enjoy a 50% reduction in the rate of foreign enterprise income tax payable. In respect of income arising from toll operations and related service facilities, Ring Road JV is also exempted from paying a local income tax (currently set at a rate of 3%) for ten years commencing from the first profit-making year. Because Ring Road JV has not yet recorded profits for PRC tax purposes, the exemptions from paying foreign enterprise income tax and local income tax have so far had no effect on Ring Road JV.

The income tax charge for the year can be reconciled to the profit before tax per the income statement as follows:

	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Profit before tax	560,778	568,800
Tax calculated at normal income tax rate of 33%	185,057	187,704
Tax effect of:		
Non-taxable income	(182,674)	(175,322)
Non-deductible expenses	39,595	41,764
Differential tax rate on temporary difference of jointly controlled entities	(22,680)	(29,406)
Tax expense	<u>19,298</u>	<u>24,740</u>

5. Dividends

No dividend has been paid or declared by the Company since its incorporation. The amount of dividends disclosed for the prior year represents the dividends declared by a subsidiary of the Company to its then shareholders during the year ended 30th June, 2002. Those dividends were settled through current accounts with the holding companies.

6. Earnings per share – basic

The calculation of the basic earnings per share is based on the profit for the year of HK\$533,079,000 (2002: HK\$532,429,000) and on 2,160,000,000 shares which represent 3,120,250 shares in issue as at 30th June, 2002 upon the Corporate Reorganisation and 2,156,879,750 shares, issued pursuant to the Capitalisation Issue, deemed to be outstanding throughout both years.

7. Contingencies and charges on assets

At the balance sheet date, the toll roads and other assets of the jointly controlled entities have been pledged to secure the bank loan facilities granted to the Group and its jointly controlled entities. The carrying value of the toll roads included in the Group’s property and equipment which have been pledged are approximately HK\$8,989,702,000 (2002: HK\$9,086,954,000).

8. Acquisitions and disposals of subsidiaries and associates

During the year, there was no material acquisition or disposal of the Company’s subsidiaries and associates.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Hopewell Highway Infrastructure Limited (the “Company”) will be held at King Palace Chinese Restaurant, 7th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong on Tuesday, the 21st day of October, 2003 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 30th June, 2003.
2. To re-elect Directors and fix the Directors’ fees.
3. To re-appoint Auditors and authorise the Directors to fix their remuneration.
4. As special business to consider and, if thought fit, pass with or without amendments the following resolutions as Ordinary Resolutions:

Ordinary Resolutions

(1) **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase securities of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal value of securities of the Company repurchased by the Company pursuant to the approval granted in paragraph (a) above shall:
 - (i) in the case of shares, not exceed ten per cent. of the aggregate nominal value of the issued share capital of the Company as at the date of the passing of this Resolution; and
 - (ii) in the case of warrants of the Company, not exceed ten per cent. of the total amount of subscription rights attaching to such warrants outstanding as at the date of the passing of this Resolution,

and the authority granted pursuant to paragraph (a) above shall be limited accordingly;
and

- (c) for the purposes of this Resolution,

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

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; or

- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution.”

(2) **“THAT:**

- (a) subject to paragraph (c) below and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal value of the share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company, or (iii) an issue of shares upon the exercise of any subscription rights attaching to any warrants of the Company, or (iv) an issue of shares under any scrip dividend scheme or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend in accordance with the Articles of Association of the Company from time to time, or (v) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed twenty per cent. of the aggregate nominal value of the issued share capital of the Company as at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution,

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

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution;

“Rights Issue” means an offer of shares of the Company or issue of options, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors of the Company to holders of shares of the Company on the register of members of the Company (or, where appropriate, to holders of other

securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company.”

- (3) “**THAT** subject to the passing of the Resolution nos.(1) and (2) set out in item 4 of the notice convening this meeting, the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with unissued shares pursuant to Resolution no.(2) set out in item 4 of the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution no.(1) set out in item 4 of the notice convening this meeting, provided that such extended amount shall not exceed ten per cent. of the aggregate nominal value of the issued share capital of the Company as at the date of the passing of this Resolution.”

By Order of the Board
Peter Yip Wah LEE
Secretary

Hong Kong, 8th September, 2003

Notes:

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the head office and principal place of business of the Company at Room 64-02, 64th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time for holding the meeting or adjourned meeting (as the case may be).
3. The registers of members and warrant holders of the Company will be closed from Thursday, 16th October, 2003 to Tuesday, 21st October, 2003, both days inclusive, during which period no transfer of shares will be effected and no transfer or exercise of warrants will be effected. In order to determine the identity of members who are entitled to attend and vote at the meeting, all transfers accompanied by the relevant share certificates or all completed subscription forms in relation to the exercise of the warrants accompanied by the appropriate subscription monies and the relevant warrant certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 15th October, 2003.
4. With regard to the resolutions referred to in item 4 of this notice, a circular in connection with the general mandates to repurchase securities and to issue shares will be despatched to the shareholders and, for information only, the warrant holders together with the 2003 Annual Report of the Company.