

APPENDIX_EXPLANATORY STATEMENT

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of the following information, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the following information.

SHARE REPURCHASE MANDATE

The following is the Explanatory Statement required to be sent to shareholders under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) relating to an ordinary resolution to be proposed at the annual general meeting of the Company to be held on 20th April 2001 to approve a general and unconditional mandate to be given to the directors of the Company (the “Directors”) to exercise the powers of the Company to repurchase, at any time until the next annual general meeting of the Company or such earlier period as stated in the ordinary resolution, shares of HK\$0.10 each in the capital of the Company (the “Shares”) representing up to a maximum of 10% of the issued share capital of the Company at the date of the resolution (the “Share Repurchase Mandate”).

The Directors believe the general mandate to repurchase Shares is in the interests of the Company and shareholders, and accordingly recommend the shareholders to vote in favour of the relevant resolution to be proposed at the annual general meeting.

(a) Proposed Share Repurchase Mandate

It is proposed that the Directors may exercise the powers of the Company to repurchase up to 10% of the Shares in issue as at the date of the passing of the resolution to approve the granting to the Directors the Shares Repurchase Mandate. As at 21st March 2001, being the latest practicable date prior to the printing of this annual report (the “Latest Practicable Date”) the number of Shares in issue was 995,312,000 shares. Accordingly, the exercise of the Share Repurchase Mandate in full (being the repurchase of 10% of the Shares in issue as at the date of the passing of the resolution to approve the Share Repurchase Mandate) would enable the Company to repurchase 99,531,200 shares.

APPENDIX_EXPLANATORY STATEMENT

(b) Reasons for Repurchases

Repurchases of Shares will only be made if the Directors believe that such repurchases will benefit the Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share.

(c) Funding of Repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

There might be a material adverse impact on the working capital or gearing position of the Company in the event that the Share Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(d) Undertaking

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention to sell Shares to the Company or its subsidiaries if the Share Repurchase Mandate is granted.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the repurchase mandate is granted.

(e) Hong Kong Codes on Takeovers and Mergers and Share Repurchases

If on the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Code on Takeovers and Mergers ("Takeover Code"). As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code. The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchase made under the Share Repurchase Mandate.

APPENDIX_EXPLANATORY STATEMENT

(f) Share Prices

The highest and lowest prices at which Shares of the Company had been traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date, were as follows:

	Share Price	
	Highest (HK\$)	Lowest (HK\$)
2000		
April	1.880	1.590
May	1.900	1.650
June	1.820	1.700
July	2.150	1.590
August	2.550	2.025
September	2.225	1.830
October	2.000	1.780
November	2.000	1.770
December	1.840	1.650
2001		
January	1.820	1.490
February	1.750	1.550
March	1.720	1.450

(g) Share Repurchase Made By the Company

During the six months prior to the printing of this annual report, the Company had not purchased any of its Shares.