ELEGANCE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

website: http://www.elegance-group.com

AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2003

FINANCIAL HIGHLIGHTS

Turnover	**:**	**HK$383,984,000**
Net Profit	**:**	**HK$55,721,000**
Earnings per Share	**:**	**HK 17.22 cents**
Dividend per Share	**:**	**HK 11.50 cents**
Total Shareholders Funds	**:**	**HK$463,802,000**

FINANCIAL RESULTS

The Board of Directors of Elegance International Holdings Limited (the "Company" or "Elegance") have pleasure to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2003 as follows:

		Year ended 31 March	
		2003	**2002**
	Notes	*HK$'000*	*HK$'000*
TURNOVER		383,984	370,389
Cost of sales		(238,472)	(218,077)
Gross profit		145,512	152,312
Other revenue and gains		4,713	5,118
Selling and distribution expenses		(15,437)	(8,535)
General and administrative expenses		(57,722)	(52,262)
Other operating expenses		(6,509)	(4,300)
PROFIT FROM OPERATING ACTIVITIES	*3*	70,557	92,333
Finance costs		(262)	(489)
Share of profits and losses of associates		(56)	24
PROFIT BEFORE TAX		70,239	91,868
Tax	*4*	(12,891)	(8,557)
PROFIT BEFORE MINORITY INTERESTS		57,348	83,311
Minority interests		(1,627)	(3,976)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		55,721	79,335
Retained profits at beginning of year		290,183	248,068
RETAINED PROFITS AVAILABLE FOR DISTRIBUTION		345,904	327,403
Dividends	*5*	(37,220)	(37,220)

RETAINED PROFITS AT END OF YEAR		308,684	290,183
Earnings per share	*6*		
– Basic		17.22 cents	24.51 cents

Notes:

1. **Basis of consolidation**
The consolidated financial results include the results of the Company and its subsidiaries for the year ended 31 March 2003. All significant intercompany transactions within the Group are eliminated on consolidation.

2. **Segment information**
The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and trading of eyewear products. No business segment analysis is presented as management considers that the Group has operated in one single business segment.

An analysis of the Group's turnover and contribution to results by geographical area of market for the year ended 31 March 2003 and 2002 is as follows:

	For the year ended 31 March 2003					
Geographical segments	North America *HK$'000*	Europe *HK$'000*	People's Republic of China ("PRC") (including Hong Kong*) *HK$'000*	Other Asian countries *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Revenue:						
External sales	179,939	135,726	46,732	14,709	6,878	383,984
Segment result	29,711	22,411	12,750	2,429	1,135	68,436
Interest and dividend income and gain						4,082
Unallocated corporate expenses						(1,961)
Profit from operating activities						70,557
Finance costs						(262)
Share of profits and losses of associates	–	–	(6)	(50)	–	(56)
Profit before tax						70,239
Tax						(12,891)
Profit before minority interests						57,348
Minority interests						(1,627)
Net profit from ordinary activities attributable to shareholders						55,721
Segment assets	29,242	28,319	494,942	3,024	1,029	556,556
Interests in associates	–	–	974	1,141	–	2,115
Total assets						558,671
Segment liabilities	60	1,529	62,894	2,541	–	67,024
Bank loans						8,000
Total liabilities						75,024

Geographical segments	North America HK$'000	Europe HK$'000	People's Republic of China ("PRC") (including Hong Kong*) HK$'000	Other Asian countries HK$'000	Others HK$'000	Consolidated HK$'000
			For the year ended 31 March 2002			
Revenue:						
External sales	147,185	121,388	79,527	13,816	8,473	370,389
Segment result	32,994	27,212	26,122	3,097	1,899	91,324
Interest and dividend income and gain						3,655
Unallocated corporate expenses						(2,646)
Profit from operating activities						92,333
Finance costs						(489)
Share of profits and losses of associates	–	–	1	23	–	24
Profit before tax						91,868
Tax						(8,557)
Profit before minority interests						83,311
Minority interests						(3,976)
Net profit from ordinary activities attributable to shareholders						79,335
Segment assets	21,476	30,477	456,372	3,960	1,762	514,047
Interests in associates	–	–	1,438	1,191	–	2,629
Total assets						516,676
Segment liabilities	20	2,127	41,944	2,703	–	46,794
Bank loans						8,050
Total liabilities						54,844

Note

* Sales were primarily to agents in Hong Kong, but were also made to local retailers. The directors believe that the agents export most of the Group's products to Europe and North America.

3. Profit from operating activities

The Group's profit from operating activities is arrived at after charging/ (crediting):

	Year ended 31 March 2003 HK$'000	2002 HK$'000
Depreciation	24,072	22,505
Unrealised losses on short term investments	235	330
Loss/(gain) on disposal of fixed assets	58	(854)
Dividend income from listed investments	(18)	(18)
Gain on disposal of listed investments	–	(20)

4. **Tax**

	Year ended 31 March 2003 *HK$'000*	2002 *HK$'000*
Hong Kong:		
Current year provision	5,681	4,530
Under/(over) – provision in prior years	4,810	(3,475)
Deferred	2,400	5,000
Elsewhere	–	2,500
	12,891	8,555
Share of tax attributable to an associate	–	2
Tax charge for the year	12,891	8,557

Hong Kong profits tax has been calculated at the rate of 16% (2002: 16%) on the estimated assessable profits arising in Hong Kong for the year. Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates based on existing law, practices and interpretations thereof.

5. **Dividends**

	Year ended 31 March 2003 *HK$'000*	2002 *HK$'000*
Interim dividend of HK 4 cents (2002: HK 4 cents) per ordinary share	12,946	12,946
Proposed final dividend of HK 7.5 cents (2002: HK 7.5 cents) per ordinary share	24,274	24,274
	37,220	37,220

6. **Earnings per share**

The calculation of basic earnings per share is based on the net profit attributable to the shareholders for the year of HK$55,721,000 (2002: HK$79,335,000) and the 323,649,123 (2002: 323,649,123) shares in issue.

The diluted earnings per share has not been calculated for the current and prior years as no diluting events existed throughout the years.

FINAL DIVIDENDS

The Board of Directors have resolved to recommend the payment of a final dividend of HK 7.5 cents per ordinary share (31 March 2002: HK 7.5 cents) for the year ended 31 March 2003 at the forthcoming Annual General Meeting to be held on 22 August 2003. The final dividend together with the interim dividend of HK 4.0 cents per share, will make a total dividend for the year of HK 11.5 cents (31 March 2002: HK 11.5 cents) per share. The final dividend, if approved by shareholders, is expected to be payable on 11 September 2003 to those shareholders whose names appear on the Register of the Members on 22 August 2003.

CLOSURE OF THE REGISTER

The Register of Members will be closed from 16 August 2003 to 22 August 2003 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrars in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 15 August 2003.

BUSINESS REVIEW

During the year under review, the Group continued to engage in the design, manufacture and sale of optical frames, sunglasses and related products.

Performance Highlight

During the year under review, the turnover of the Group for the year ended 31 March 2003 was approximately HK$383,984,000 (31 March 2002: HK$370,389,000). Total income of the Group during the year, which included principally the income from the manufacturing and sales of optical frames and sunglasses, has recorded a slight growth. North America and Europe accounted for 46.86% and 35.35% (31 March 2002: 39.74% and 32.77%) of the Group's turnover, respectively.

Net profit attributable to shareholders for the current year was HK$55,721,000, compared to a reported profit of HK$79,335,000 in the year 2001/2002, while basic earnings per share were HK17.22 cents (31 March 2002: HK 24.51 cents). The net asset value per share was HK$1.43 (31 March 2002: HK$1.37). The decrease in net profit attributable to shareholders for the year 2002/2003 was mainly due to the various special charges made against the operating profit. Should the special charges be excluded, the Group's financial performance would have been better and was comparable to the financial results for the year 2001/2002. These special charges included the impairment in value of properties in Hong Kong of HK$1,800,000, the deficit on revaluation of investment properties of HK$716,000 and the impairment of goodwill in relation to subsidiaries of HK$1,687,000. Our profitability would have been higher if the additional tax provision of HK$4,810,000 resulting from the settlement of disputes regarding the Hong Kong profits tax with the Inland Revenue Department was excluded. The additional tax provision made the current provision of Hong Kong profits tax for the year 2002/2003 sufficient to cover the tax liabilities in prior years.

Added to the mentioned special charges was the lowering of the gross profit margin. During the year, the gross profit margin also decreased to approximately 37.90% (31 March 2002: 41.12%). There was keen competition in market and our product prices were under pressure. With increased cost of raw materials due to depreciation of US dollars, higher labour costs and other factory overheads, together with the fact that the sales in the year under review did not go up as predicted, the profitability of the Group was negatively affected.

The sales and marketing team has stepped up their sales effort by participating in more trade shows and exhibitions and by visiting the customers more frequently. These efforts accounted partly for the sharp rise in selling and distribution expenses in current financial year. In the period, business promotional expenses and travelling expenses increased by 24.42% and 30.12%, respectively.

The increase in administrative expenses was partly due to the exchange losses of HK$2,012,000 resulting from the depreciation of US dollars in the current financial year. The general provision for bad and doubtful debts of HK$2,071,000 explained the increase of other operating expenses for the year 2002/2003, a provision that the management contends to be justified in view of uncertain economic conditions for the current financial year.

The Group also adopted a prudent accounting policy to accrue the deferred tax liability in the financial statements due to the tax effect of timing difference arising as a result of the excess of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements. A provision for deferred tax of HK$2,400,000 (2002: HK$5,000,000) was made accordingly to recognise the deferred tax liability in the current year.

Review of Operations

Even though the slowdown of the global economy in 2002 and in the first half of 2003 struck a blow to the optical industry, the turnover of the Group remained stable over the past year in view of our efforts and a solid customer base. This demonstrated that optical products of Elegance were generally well accepted by our customers and our sales and marketing strategy was effective in retaining existing customers.

With a view to provide more fashionable, reliable and competitive products to the market, we have concentrated our effort in improving our internal organization. In the year under review, we have strengthened our product design and development ability by adding more human resources as well as advanced machineries. We have also set up new infrastructure to improve on the quality assurance program so as to ensure that products of high quality would be delivered in a timely manner. We have also worked on organizing ourselves to provide better services to customers at all stages of the sales process. We strongly believe that these efforts will add competitive edges to the Group and will reinforce the Group as a major and leading player in the market.

With the full implementation of enterprise resource planning system, the management is gradually equipped with better management information tools. In this ever-changing business environment, the enhanced use of information technology will simplify and streamline the management processes, thus enabling a smoother operation and faster response to customer needs. By this way, we hope to be able to keep pace with changing customer demand and the market trend so that we are able to better serve the customers.

Construction work of the new factory in Jin Quan, Shengzhen, the PRC, which is located right next to the main factory of the Group, will be completed during the year 2003/2004. It is expected that the new premise will become operational in late 2003. The new factory will consolidate some of the existing production facilities of the Group in the vicinity. With better utilization of the Group's facilities under one roof, we hope to achieve a greater operational efficiency and better economic return.

PROSPECT

The magnitude of the adverse impact on global economies brought by the Iraqi War, downturn in the economies of Europe and North America, the weakening of the U.S. currency and the catastrophic SARS outbreak is difficult to predict but stagnant market conditions will probably create cautious business sentiment. There will also be more intensive competition in the optical industry as the market conditions and outlook in Europe and North America are still uncertain. Business environment ahead is expected to be difficult. The Group has already heightened our emphasis on developing and energising our marketing team to expand the customer base in Europe and North America to overcome the challenges ahead, and the management is hopeful that such and the following measures taken will increase our competitiveness. We will also explore new market opportunities through establishing our distinctive and unique market position and by adopting a flexible market strategy, like providing more trendy and innovative designs to better satisfy our existing customers and in seeking new customers.

To help our customers to succeed in their increasingly competitive markets, the Group will continuously upgrade our support to our customers. It is a challenge that we are meeting effectively and that we will continue to excel by maintaining the closest and most proactive working relationship with them.

In addition to the focused and strengthened marketing strategies, enhancing our operational efficiency, product quality, design variety and timely delivery will also be important elements to withstand the uncertain market situation and maintain the market share. The Group will continue to improve on the manufacturing and logistics process to attain higher productivity to bring up our profit margin. We will also adopt more modern production and information technology to cater for the present and potential needs of our established as well as potential customers.

Besides the manufacturing business, the Group will maintain its alertness in seeking suitable opportunities in diversifying its business so that its income base can be widened.

LIQUIDITY AND FINANCIAL RESOURCE

During the year under review, the Group adopted a prudent treasury management policy in managing current assets and liabilities. The Group's balance sheet remained healthy. The cash and bank balance were reported at HK$188,211,000 (2002: HK$173,849,000) at the end of the current financial year with the continual support of cash flow from operating activities, notwithstanding that the capital expenditure led to a cash outflow of HK$41,065,000 (2002: HK$25,611,000). The substantial part of capital expenditures was the payments for the construction of the new factory complex of HK$19,342,000 (2002: HK$13,726,000). The working capital, defined as current assets less current liabilities, of HK$275,808,000 (2002: HK$269,193,000) was maintained as at 31 March 2003. Gearing, representing total bank borrowings over shareholder's funds, was maintained at relatively sound level of below 4.13% (2002: 2.26%) while bills payables surged to HK$11,142,000 (2002: HK$1,976,000) as at 31 March 2003 to cater mainly for capital investments in production facilities. Current ratio was also maintained at a healthy level of 5.48:1 (2002: 7.15:1).

The Group had banking facilities amounted to HK$65,500,000 (31 March 2002: HK$79,000,000), of which approximately HK$19,142,000 (31 March 2002: HK$10,026,000) were utilised. All outstanding bank borrowings were for purpose of trade-finance and working capital and short to medium term in nature.

As at 31 March 2003, the Group's capital commitment was of HK$49,034,000 (31 March 2002: HK$21,024,000), in which HK$18,799,000 (2002: HK$20,959,000) was related to the capital investments in the new factory facilities and machineries. The remaining portion is future contributions of capital to subsidiaries in the PRC.

FOREIGN CURRENCY RISK

Since major transactions of the Group were primarily denominated in US dollars, Hong Kong dollars and Renminbi and the Group's treasury policy was of maintaining our liquid assets in these currencies, the exposure to foreign exchange risk was not material. There was no outstanding forward contract outstanding as at 31 March 2003.

PLEDGE OF ASSETS

At 31 March 2003, the Group has pledged its leasehold and investment properties with an aggregate carrying value of approximately HK$17,432,000 (31 March 2002: HK$18,972,000) as security for bank loan and general banking facilities granted to the Group. Except the above, there are no other charges on the Group's assets.

CONTINGENT LIABILITIES

At 31 March 2003, the Group had contingent liabilities of HK$65,500,000 (31 March 2002: HK$79,000,000). The contingent liabilities comprised of guarantees given to banks in connection with facilities granted to its fellow subsidiaries.

EMPLOYEES

The total number of employees of the Group as of 31 March 2003 has increased to approximately 4,200 (2002: 3,900). Most of them were stationed in the Mainland China while the rest were in Hong Kong. Employee costs (excluding director's emoluments) amounting to approximately HK$72,023,000 (31 March 2002: HK$62,832,000). In addition to competitive remuneration packages, discretionary bonuses are awarded to eligible staff based on the Group's performance, individual experience and performance. Various fringe benefits ranging from Mandatory Provident Fund and medical insurance are provided. Employee's remuneration is consistent with the prevailing industry practice in the respective countries where the Group operates.

APPRECIATION

Last but certainly not least, on behalf of the Board, I would like to take this opportunity to extend my sincere thanks to the Group's dedicated directors and staffs for their continuous improvement. I also wish to thank all our customers, suppliers, banks and shareholders for their long-time co-operation and support to the Group during the year.

AUDIT COMMITTEE

To comply with the revised Code of Best Practice as set out in Appendix 14 of the Listing Rules, the Company set up an Audit Committee (the "Committee") with written terms of reference for the purpose of reviewing the financial reporting process and the internal control procedures. Mr. Fok Kwan Wing and Mr. Poon Kwok Fai, Ronald, the independent non-executive directors of the Company, have been appointed as the members of the Committee. Two meetings have been held in the year ended 31 March 2003 to review the control and supervision of the Group's financial reporting process.

DETAILED RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE STOCK EXCHANGE

A detailed results announcement containing all the information required by 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 (the "Stock Exchange") in due course.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange for the year ended 31 March 2003 and up to 26 June 2003. Independent non-executive directors of the Company are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the provisions of the Company's bye-laws.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or by any of its subsidiaries during the year.

By Order of the Board
Hui Leung Wah
Chairman

Hong Kong, 26 June 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Elegance International Holdings Limited ("the Company") will be held at Boardroom I, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 22 August 2003 at 3:30 p.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 31 March 2003;

2. To declare the final dividends for the year ended 31 March 2003;

3. To re-elect retiring Directors and to authorise the Board of Directors to fix their remuneration;

4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration;

5. As special business to consider and, if thought fit, pass with or without amendments, the following resolutions as an Ordinary Resolution:–

"**THAT**:–

(a) subject to paragraph 5(c) below, 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 additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(b) the approval in paragraph 5(a) above shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option of otherwise) by the Directors of the Company pursuant to the approval in paragraph 5(a) above, otherwise than pursuant to (i) a Rights Issue (as hereafter defined) or (ii) an issue of shares as scrip dividends pursuant to the Bye-laws of the Company from time to time; (iii) the issue of shares under the exercise of options under any share option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the of the Company and/or any of its subsidiaries of shares or rights to subscribe for shares in the Company, shall not exceed:

(A) in the case of an allotment and issue of shares for cash, 10 percent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution;

(B) in the case of an allotment and issue of shares other than for cash, 20 percent of the aggregate nominal amount of the share capital in issue at the date of passing of this Resolution (less shares(if any) issued pursuant to the general mandate granted pursuant to sub-paragraph (A) of this Resolution), provided that, in any event, any shares to be allotted and issued by the Directors pursuant to the approval granted under this Resolution shall not be issued at a discount of 5 percent or more to the Benchmarked Price (as hereinafter defined) of the shares, and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:–

"Benchmarked Price" shall be a price which is the higher of:–

(i) the closing price of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of signing of the agreement to which the transactions relates; or

(ii) the average closing price of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five trading days immediately preceding the earlier of:

(A) the date of signing of the agreement to which the transaction relates; or

(B) the date on which the relevant transaction is announced; or

(C) the date on which the price of the shares of the Company to be issued pursuant to the transaction is fixed.

"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;

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by Hong Kong law or the Bye-laws of the Company to be held; and

(iii) the revocation or variation of this Resolution by an ordinary resolution of shareholders of the Company in General Meeting.

"Right Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register of members on a fixed record date in proportion to their holdings of such shares (subject 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 outside Hong Kong)".

6. As special business, to consider and if thought fit, pass the following resolution as an Ordinary Resolution: –

"**THAT**: –

(a) subject to paragraph 6(c) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph 6(a) shall be in addition to any other authorisation given to the Directors of the Company;

(c) the aggregate nominal amount of share capital purchased or agreed conditionally or unconditionally to be purchased by the Directors of the Company pursuant to the approval in paragraph 6(a) during the Relevant Period, shall be no more than 10 percent of the aggregate nominal amount of the existing issued share capital of the Company on the date of passing of this Resolution, and the said authority pursuant to paragraph 6(a) 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 earlier 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 Hong Kong law or the Bye-laws of the Company to be held; and

(iii) the revocation or variation of this Resolution by an ordinary resolution of shareholders of the Company in General Meeting".

7. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:–

"**THAT** conditional on the passing of the Ordinary Resolution numbered 5 and 6 as set out in the notice of the Meeting of which this Resolution forms part, the aggregate nominal amount of the number of shares in the share capital of the Company that shall have been repurchased by the directors of the Company after the date of the passing of the Resolution pursuant to and in accordance with the said Ordinary Resolution numbered 6 shall be added to the aggregate nominal amount of share capital that may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors of the Company pursuant to the general mandate to allot and issue shares granted to the Directors of the Company by the said Ordinary Resolution numbered 5".

By Order of the Board
Kwan Chi Kin Wallace
Company Secretary

Hong Kong, 26 June 2003

Principal Office: B2 & B4, 8/F., Block B, Mai Hing Ind. Bldg.,
16 - 18 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong

Notes:–

1. A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote on his behalf. A proxy need not be a member of the Company.

2. In order to be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority, must be deposited with the Company's registers in Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the Meeting, or any adjournment thereof.

3. The Register of Members will be closed from 16 August 2003 to 22 August 2003 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed dividend, all transfers accompanied by the relevant share certificate must be lodged with the Company's Registers in Hong Kong, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 15 August 2003.

4. An explanatory statement containing further details on resolution 6 above on the general mandate to repurchase shares will be sent to members of the Company together with the Annual Report for the year ended 31 March 2003.

5. With respect to the Resolution numbered 6, the present general mandate given by members pursuant to the Section 57B of the Companies Ordinance and the Listing Rules and the Hong Kong Code on Share Repurchases expires at the forthcoming Annual General Meeting and accordingly, a renewal of that general mandate is now being sought.

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