VAN SHUNG CHONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST MARCH, 2001

The Board of Directors of Van Shung Chong Holdings Limited ("VSC") is pleased to announce the audited consolidated results of VSC and its subsidiaries (together the "VSC Group") for the year ended 31st March, 2001, as follows:

	Note	2001 HK$'000	2000 HK$'000
Turnover	2	**2,376,451**	1,900,945
Representing —			
Continuing operations		**2,340,287**	1,877,150
Discontinuing operations	1	**36,164**	23,795
Cost of sales		**(2,137,897)**	(1,643,691)
Gross profit		**238,554**	257,254
Selling and distribution expenses		**(19,917)**	(28,832)
Operating expenses		**(176,805)**	(100,387)
Profit from operations		**41,832**	128,035
Representing —			
Continuing operations		**90,327**	138,127
Discontinuing operations	1	**(48,495)**	(10,092)
Gain (Loss) on investments	3	**323,850**	(2,732)
Loss on investment properties	4	**(33,630)**	(1,680)
Interest income		**4,778**	3,270
Interest expense		**(11,732)**	(14,907)
Share of profit of associates		**89**	2
Profit before taxation	5	**325,187**	111,988
Taxation	6	**(15,533)**	(19,294)
Profit after taxation but before minority interests		**309,654**	92,694
Minority interests		**1,059**	(2,150)
Profit attributable to shareholders		**310,713**	90,544
Retained profit, beginning of year		**293,090**	295,374
Dividends	7	**(400,391)**	(29,930)
Transfer to capital reserve		**(58,355)**	—
Transfer to capital redemption reserve		**(19,969)**	(2,842)
Elimination of goodwill		**—**	(60,056)
Retained profit, end of year		**125,088**	293,090
Earnings per share	8		
— Basic		**HK$0.87**	HK$0.30
— Diluted		**HK$0.86**	HK$0.29

Notes:

1. Discontinuing operations

As at 31st March, 2001, the VSC Group has determined to discontinue its rebars processing operations, representing the provision of cut and bend services and epoxy coating services, effective from May 2001. Thereafter, the VSC Group has ceased selling rebars processed from such operations. The results of sales of such processed rebars are presented as discontinuing operations in the consolidated income statement for the year ended 31st March, 2001. The consolidated income statement for the year ended 31st March, 2000 has been restated to present the results of these operations as discontinuing operations.

The results of the discontinuing operations are:

	2001 HK$'000	2000 HK$'000
Turnover	**36,164**	23,795
Cost of sales	**(34,811)**	(25,854)
Gross profit (loss)	**1,353**	(2,059)
Selling and distribution expenses	**(1,258)**	(1,019)
Operating expenses, including costs of discontinuance	**(48,590)**	(7,014)
Loss from operations	**(48,495)**	(10,092)
Interest income	**753**	75
Interest expense	**(653)**	(239)
Loss attributable to shareholders	**(48,395)**	(10,256)

2. Turnover

(i) The VSC Group's turnover and gross profit by product range is analysed as follows:

	2001 Turnover HK$'000	2001 Gross Profit HK$'000	2000 Turnover HK$'000	2000 Gross Profit HK$'000
Continuing operations —				
Sales revenue —				
Steel — rebars, piling and flat products	**1,751,901**	**134,746**	1,327,349	175,174
Engineering plastic resins	**286,179**	**34,456**	332,657	33,050
Processing of rolled steel flat products	**221,664**	**42,687**	158,909	31,952
Sanitary ware and kitchen cabinets (including installation revenue)	**69,109**	**15,670**	51,205	13,800
Machinery	**5,450**	**3,658**	3,941	2,788
Rental income	**4,096**	**4,096**	547	547
Interest income from the finance business	**1,888**	**1,888**	1,261	1,261
Others	**—**	**—**	1,281	741
	2,340,287	**237,201**	1,877,150	259,313
Discontinuing operations —				
Sales of merchandise (Note 1)	**36,164**	**1,353**	23,795	(2,059)
Total turnover	**2,376,451**	**238,554**	1,900,945	257,254

(ii) The VSC Group's turnover by geographical location is analysed as follows:

	2001	2000
By geographical location*		
Hong Kong	**58.4%**	53.6%
Mainland China	**41.6%**	45.4%
Macau	**—**	1.0%
	100%	100%

* *Turnover by geographical location is determined mainly on the basis of the destination of shipments of merchandise and location of relevant activities.*

The VSC Group's contributions to profit from operations and profit before taxation by product range and by geographical location have not been presented as they were generally in proportion to the distributions of turnover as set out above.

3. Gain (Loss) on investments

Gain (Loss) on investments consisted of:

	2001 HK$'000	2000 HK$'000
Gain on disposal of shares in unlisted companies	**21,214**	—
Dilution gain on shares in iSteelAsia.com Limited ("iSA")	**58,355**	—
Gain resulting from distribution in specie of shares in iSA	**281,826**	—
Total gain on investments	**361,395**	—
Provision for impairment in value of investments	**(37,545)**	(2,732)
	323,850	(2,732)

Details of the transactions will be covered in the financial statements as disclosed in the annual reports to be despatched to shareholders.

4. Loss on investment properties

Loss on investment properties consisted of:

	2001 HK$'000	2000 HK$'000
Loss on disposal of an investment property	**4,003**	—
Deficit on revaluation of investment properties	**29,627**	1,680
	33,630	1,680

5. Profit before taxation

Profit before taxation was determined after charging or crediting the following items:

	2001 HK$'000	2000 HK$'000
After charging —		
Interest on bank borrowings wholly repayable within five years	**11,732**	14,907
Depreciation of property, plant and equipment	**13,842**	9,440
After crediting —		
Interest income* from		
— bank deposits	**1,445**	3,270
— other deposits	**1,490**	—
— overdue accounts receivable	**920**	—
— amounts due from related companies	**923**	—

* *Excludes interest income from the finance business which is included as turnover.*

6. Taxation

Taxation consisted of:

	2001 HK$'000	2000 HK$'000
VSC and subsidiaries —		
Current taxation		
— Hong Kong profits tax	**14,938**	17,821
— Mainland China enterprise income tax	**22**	839
Deferred taxation	**573**	634
	15,533	19,294

7. Dividends

Dividends consisted of:

	2001 HK$'000	2000 HK$'000
Interim dividends		
— Cash dividend of HK$0.03 (2000 - HK$0.028) per share	**10,659**	8,455
— Distribution in specie of shares in iSA	**308,016**	—
	318,675	8,455
Proposed final cash dividend of HK$0.23 (2000 - HK$0.06) per share	**81,716**	21,317
Additional final dividend for the prior year due to exercise of warrants and employee share options	**—**	158
	400,391	29,930

8. Earnings per share

The calculation of basic earnings per share for the year ended 31st March, 2001 is based on the consolidated profit attributable to shareholders of approximately HK$310,713,000 (2000 - HK$90,544,000) and the weighted average number of approximately 355,417,000 shares (2000 - 302,972,000 shares) in issue during the year.

The calculation of diluted earnings per share for the year ended 31st March, 2001 is based on the consolidated profit attributable to shareholders of approximately HK$310,713,000 (2000 - HK$90,544,000) and the weighted average number of approximately 359,625,000 shares (2000 - 314,665,000 shares) in issue, after adjusting for the effects of all dilutive potential shares. The effect of the dilutive potential shares resulting from the exercise of the outstanding warrants and employee share options on the weighted average number of shares in issue during the year was approximately 4,208,000 shares (2000 - 11,693,000 shares), which were deemed to have been issued at no consideration as if all the outstanding warrants and employee share options had been exercised on the date when the warrants and employee share options were granted.

9. Reserves

Movements of reserves were:

	2001								2000
	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Other reserves HK$'000	Capital reserve HK$'000	Asset revaluation reserve HK$'000	Cumulative translation adjustments HK$'000	Total HK$'000	Total HK$'000
Consolidated									
Beginning of year	254,768	2,842	—	301	—	(10,109)	(2,191)	**245,611**	120,221
Premium arising from issue of shares upon									
— share placement	—	—	—	—	—	—	—	**—**	115,500
— acquisition of subsidiaries	—	—	—	—	—	—	—	**—**	9,440
— exercise of warrants	45,478	—	—	—	—	—	—	**45,478**	5,081
— exercise of employee share options	310	—	—	—	—	—	—	**310**	7,630
Share issuance expenses	—	—	—	—	—	—	—	**—**	(2,698)
Repurchase of shares	(18,986)	19,969	—	—	—	—	—	**983**	160
Surplus on revaluation of shares in iSA upon its listing	—	—	—	—	—	556,537	—	**556,537**	—
Realisation of surplus upon distribution in specie of shares in iSA	—	—	—	—	—	(281,826)	—	**(281,826)**	—
Deficit on revaluation of long-term investments	—	—	—	—	—	(221,010)	—	**(221,010)**	(10,109)
Realisation of deficit as impairment loss	—	—	—	—	—	10,109	—	**10,109**	—
Transfer from retained profit to capital reserve	—	—	—	—	58,355	—	—	**58,355**	—
Translation adjustments	—	—	—	—	—	—	(122)	**(122)**	386
End of year	281,570	22,811	—	301	58,355	53,701	(2,313)	**414,425**	245,611
Company									
Beginning of year	254,768	2,842	53,986	—	—	—	—	**311,596**	176,483
Premium arising from issue of shares upon									
— share placement	—	—	—	—	—	—	—	**—**	115,500
— acquisition of subsidiaries	—	—	—	—	—	—	—	**—**	9,440
— exercise of warrants	45,478	—	—	—	—	—	—	**45,478**	5,081
— exercise of employee share options	310	—	—	—	—	—	—	**310**	7,630
Share issuance expenses	—	—	—	—	—	—	—	**—**	(2,698)
Repurchase of shares	(18,986)	19,969	—	—	—	—	—	**983**	160
End of year	281,570	22,811	53,986	—	—	—	—	**358,367**	311,596

DIVIDENDS

During the year, an interim dividend of 3.0 cents per share was declared and paid by VSC on 15th January, 2001. The Directors have resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of 23.0 cents per share in respect of the year ended 31st March, 2001 payable to shareholders whose names appear on the Register of Members of VSC at the close of business on 27th August, 2001. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividends are expected to be despatched on or before 5th September, 2001.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of VSC will be closed from 23rd August, 2001 to 27th August, 2001 (both dates inclusive) during which period no transfers of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with VSC's Registrars in Hong Kong, Central Registration Hong Kong Limited by not later than 4:00 p.m. (Hong Kong SAR time) on 22nd August, 2001.

RESULTS

For the year under review, the VSC Group achieved turnover of HK$2.376 billion versus HK$1.901 billion the previous year, an increase of 25.0%; however, gross profit and gross margin decreased 7.3% and 25.8%, respectively, which underscores the challenging operating environment our company faced over the last year.

Profit from continuing operations decreased 34.6%, from HK$138 million in the previous year to HK$90 million in this reporting period. Profit attributable to shareholders, however, increased 243% to HK$311 million, primarily due to the exceptional one-time gain realised by the spin-off of iSteelAsia.com Limited ("iSA").

Historically, our company has adopted a cash dividend payout policy of approximately 30% of the profit attributable to shareholders. We are pleased to report, due to the exceptional one-time gain of HK$361 million through the spin-off of iSA, after prudent consideration of the VSC Group's future capital requirements and plans, we have decided to reward the loyalty of our shareholders by declaring a final cash dividend of 23.0 cents per share. Combined with the interim cash dividend of 3.0 cents per share, the total cash dividend for the year is 26.0 cents per share. This represents a cash dividend payout over profit attributable to shareholders ratio of 29.7%, against a ratio of 33.1% in the previous financial year. Moreover, a distribution in specie of shares in iSA worth HK$308 million was also made to shareholders upon the spin-off of iSA.

FINANCIAL ANALYSIS

The VSC Group continued to improve its liquidity and financial position. As compared to 31st March, 2000, both current ratio and quick ratio were increased to 2.10 and 1.40 from 1.59 and 0.92, respectively. Level of borrowings was also substantially reduced with gearing ratio (bank borrowings and bills payable divided by shareholders' equity) decreased to 0.25 from 0.75. The VSC Group's financing remained primarily supported by trade line facilities from banks which as in prior years were secured by the VSC Group's inventories held under trust receipts loan arrangement and corporate guarantees by VSC. Interest costs of the import bank loans are levied on US dollar LIBOR/SIBOR basis with very competitive margin. Currently, the VSC Group utilised less than 30% of its banking facilities and thus had available financial resources in excess of HK$1 billion. With the decreasing trend of interest rates, the VSC Group is in a very strong position to capture future opportunities.

The VSC Group's businesses were primarily transacted in Hong Kong dollar, US dollar, Renminbi ("RMB") and several European currencies. As in prior years, under the current peg system in Hong Kong, the VSC Group's potential exposure in US dollar should be minimal in the foreseeable future. Our various investments in joint ventures, associated companies and investment properties in Mainland China had net investment costs of approximately HK$35 million as at 31st March, 2001. Where possible, RMB expenditures would be matched by RMB receipts to minimise the foreign exchange exposure. European currencies were normally involved in our building products purchases. Movements of such currencies were closely monitored and hedging by forward contracts were used from time to time.

As at 31st March, 2001, the VSC Group had contingent liabilities in the form of guarantees of approximately HK$6.4 million.

REVIEW OF OPERATIONS

Steel

The Steel Department continued to enjoy market leadership in Hong Kong in the steel rebars segment, with more than 50% market share. During the year under review, the VSC Group continued to be a major supplier of rebars and piling to the key railway projects in Hong Kong (the KCRC West Rail, East Rail and the MTRC Tseung Kwan O Extension), and today has contracts-on-hand worth more than HK$1 billion. Overall turnover increased by 32%, however, due to the continuing depression in the local real estate market, and slow down in construction industry coupled with "cut throat" competitions, the profit margin was adversely affected and was not able to enjoy the same growth rate as the turnover. Nevertheless, the management remains optimistic about the future prospect of this operation as interest rates are expected to continue the decreasing trend and several large scale projects such as the Cyberport and the ongoing KCRC and MTRC projects will come online in the near future.

Facing a very difficult year for construction industry, our Engineering Products reported discouraging results caused by keen price competition, as well as the restructuring of our marketing team, high manufacturing costs, and the slow customer adoption of this business. The VSC Group has thus carefully evaluated the market environment and operational performance of the various engineering products and had chosen to terminate its efforts towards the development of rebars processing operations.

Building Products

The reporting year under review proved to be a remarkable one for the Building Products Department. The department recorded a 35% increase in turnover and gross profit contribution increased by 13.6%. The department also has contracts-on-hand worth approximately HK$130 million.

The sanitary ware products enjoyed the most robust growth, with an increase in turnover to approximately HK$41 million and gross profit increase of 106%. Overall, the department continues to expand market share by supplying high-quality sanitary and kitchenware products to residential and commercial property sectors in Hong Kong and Southern China.

In the past 12 months, we have been awarded numerous prestigious kitchen cabinet projects, including Sorrento of Kowloon Station Package II, Coastal Skyline of Tung Chung Station Package II, and 390 Sham Tseng. Combined, these contracts represent more than 4,600 kitchens.

Coil Centre

The Dongguan Coil Centre enjoyed another impressive year of growth, with sales increasing from approximately HK$159 million to HK$222 million and gross profit increasing from approximately HK$32 million to HK$43 million. Strengthening relationships with key customers, in a strategy to become their major partner and supplier, further enhanced sales. Demand from home appliances and audio-visual products, such as CD-Rom, DVD-Rom and DVD products, fuelled orders for our products. Finally, we maintained reasonably high gross margin due to the high quality of our products and services together with the ability to satisfy delivery schedules with short lead time.

With the help of the process improvement consultants, the Coil Centre will seek to improve its production efficiency, logistics management, and relationships with key suppliers. Production line layout had been redesigned with new machinery to boost production capacity by 50% from March 2001.

Plastics and Machinery

The Engineering Plastic Resins Division faced challenges created by the ongoing economic downturn in the major consumer markets around the world. Our customers, which manufacture such products as mobile phones, computers, and various electrical appliances for sale in these markets, faced decreasing orders and thus scaled back production significantly. As such, our sales volume decreased 31% over last year and turnover decreased 14%; however, through our successful management of inventory to satisfy periodic shortage of supply in several industries, we managed to achieve a 4% increase in gross profit.

Like our plastic resin business, the Machinery Division faced lower capital expenditures by manufacturers as they decreased costs in light of lower demand. Our goals then, over the next year, will be to strengthen and expand our customer base, particularly on Mainland China, to include the home appliances and computer accessories market. We will also continue to embrace change within our business by focusing on efficiency improvement of existing operations and management systems.

Other Investments and Associated Companies

(a) iSteelAsia.com Limited ("iSA")

iSA, in its first full year of operation, achieved encouraging results in its online steel trading operations. The continued growth rate in transactions volume, deal postings, membership, and commission revenue combine to reinforce iSA's value proposition and business strategy. During the year under review, turnover of iSA increased to approximately HK$183 million amid the worsening of market conditions.

In December 2000, iSA made a strategic equity investment of approximately 3.5% in Stemcor Holdings Limited. This investment integrates a solid old-economy business with our new-economy model. iSA also received worldwide recognition by leading institutions on a number of occasions.

Although iSA's financial result for the year 2000/2001 is not stellar, the VSC Group is encouraged by iSA's operational progress, as iSA continues to strengthen its traction by providing real value propositions to customers. Being the single largest shareholder of iSA, the VSC Group will continue to monitor this investment with a pro-active approach.

(b) Baosteel Jingchang

The Baosteel Jingchang joint venture in Nansha had achieved sales of over RMB100 million and recorded net profit in its first full year of operation. Built on strong support from Shanghai Baosteel, the joint venture successfully developed a diversified customer network in the Pearl River Delta, serving various industries such as computer, electrical appliances and metals processing.

(c) Dongguan pier operation

The Dongguan pier in Shatin, operated by our associated company, reported satisfactory progress in its volume of goods and containers handled and achieved turnaround during the year in review. Turnover increased by 59% with net profit achieved of approximately HK$0.3 million.

(d) GFTZ fuel company

The GFTZ fuel company recorded encouraging increases in both sales and net profit. The steady economic development in Guangdong province has provided the demand for electricity generation from the power plant in GFTZ, and hence demand for the fuel product is also secured. However, due to the prevailing rising trend of worldwide oil price, the GFTZ fuel company was unable to achieve its planned guaranteed profit level and lacked the required cash flow to repay the outstanding guaranteed returns. Full provisions for this investment and outstanding guaranteed return receivables had been prudently made. However, the management remains optimistic that recovery of such provisions should not be problematic.

(e) Enclosure systems - introduction

The VSC Group executed an agreement in April 2001 to acquire an existing enclosure systems manufacturing facility in Shenzhen and was in the process to build a new plant with enlarged production capacity to meet the ever-increasing demand of the PRC telecommunication industry. The new company, Van Jia Yuan, was formed in May 2001 with total estimated investments in fixed assets of approximately RMB33 million to be financed by internal resources. The new plant was expected to commence operation by the fourth quarter of 2001.

Employees and Remuneration Policies

As at June, 2001, the VSC Group employed a workforce of 310. Total staff costs including contribution to retirement benefit scheme incurred during the year amounted to approximately HK$72.3 million. The VSC Group offers competitive remuneration packages to ensure that we can recruit and retain the best human talent. Various fringe benefits ranging from MPF scheme, medical and dental insurance, hospitalisation insurance, extensive training and education subsidy are provided. The VSC Group has also adopted a Share Option Scheme for employees.

CODE OF BEST PRACTICE

In the opinion of VSC's Directors, VSC had complied 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") throughout the accounting year covered by the annual report, except that the non-executive directors of VSC are not appointed for specific terms. However, the non-executive directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with VSC's Bye-laws.

PUBLICATION OF FURTHER INFORMATION

Information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

On behalf of the Board of Directors
Andrew Yao Cho Fai
Chairman

Hong Kong, 10th July, 2001

http://www.vschk.com
http://www.irasia.com/listco/hk/vsc
http://www.isteelasia.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Van Shung Chong Holdings Limited (the "Company") will be held at 52nd Floor, The Center, 99 Queen's Road Central, Hong Kong on 27th August, 2001 at 3:00 p.m. for the following purposes:

1. To receive and adopt the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st March, 2001.
2. To consider and declare a final dividend of 23.0 cents per share for the year ended 31st March, 2001.
3. To re-elect Directors and authorise the Board of Directors to fix the Directors' remuneration and to appoint new Directors from time to time.
4. To re-appoint Messrs. Arthur Andersen & Co as the Company's Auditors and authorise the Board of Directors to fix their remuneration.

As special business, to consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

5. **A. "THAT:**

(a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

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

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) otherwise than pursuant to (i) a Rights Issue (as defined below) or (ii) the exercise of subscription or conversion rights under any warrants of the Company and under any securities which are convertible into shares in the capital of the Company, (iii) on the exercise of the subscription rights under share option schemes of the Company approved by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or (iv) any scrip dividend scheme or similar arrangement implemented in accordance with the Bye-laws of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

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

(ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company's Bye-laws to be held; and

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

"Rights 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 of the Company on a fixed record date in proportion to their then 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 any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange)."

B. "THAT:

(a) the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase issued shares of HK$0.10 each in the capital of the Company ("Shares"), subject to and in accordance with paragraph (c) below and all applicable laws, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors on behalf of the Company during the Relevant Period (as defined below) to procure the Company to purchase its Shares at such prices as the Directors of the Company at their discretion may determine;

(c) the aggregate nominal amount of Shares which are authorised to be purchased by the Directors of the Company pursuant to the approval in paragraph (a) shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of

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

(ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company's Bye-laws to be held; and

(iii) the date on which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting."

C. "THAT conditional upon the passing of Resolutions nos. 5A and 5B set out in the notice convening this meeting, the aggregate nominal amount of Shares which shall have been repurchased by the Company pursuant to and in accordance with Resolution no. 5B set out in the notice convening this meeting shall be added to the aggregate nominal amount of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to and in accordance with Resolution no. 5A set out in the notice convening this meeting, provided that such additional amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution."

By Order of the Board
Johnson Ho Sai Hou
Company Secretary

Hong Kong, 10th July, 2001

Registered Office:
Clarendon House
Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business:
52nd Floor, The Center
99 Queen's Road Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. In order to be valid, a form of proxy must be deposited with the Company Secretary at the head office and principal place of business of the Company at 52nd Floor, The Center, 99 Queen's Road Central, Hong Kong, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
2. The register of members of the Company will be closed from Thursday, 23rd August, 2001 to Monday, 27th August, 2001 (both dates inclusive) during which period no transfer of Shares can be registered. In order to qualify for the final dividend which, if approved, will be payable on or before 5th September, 2001, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong Share Registrars, Central Registration Hong Kong Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. (Hong Kong SAR time) on 22nd August, 2001.
3. Under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the general mandate lapses unless it is renewed at each Annual General Meeting.
4. With respect to Resolutions nos. 5B and 5C, approval is being sought from shareholders for a general mandate to be given to the Directors to repurchase securities and to issue Shares as a result of such repurchase. In accordance with the Listing Rules and the Code on Share Repurchases, an explanatory statement in connection with the general mandate to repurchase Shares is included in the circular which will be despatched to shareholders and warrantholders together with the annual report for the year ended 31st March, 2001 later.