



IDT INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED MARCH 31, 2002

IDT INTERNATIONAL LIMITED is a holding company with subsidiaries engaged in the design, development, manufacture, and sales and marketing of innovative consumer electronic products featuring state-of-the-art liquid crystal display and microprocessor technology.

HIGHLIGHTS

IDT celebrates its 25th anniversary.

Turnover for the year was HK\$2,233.5 million.

Sales of “Oregon Scientific” products increased 10% in the year to HK\$885.2 million.

Profit attributable to shareholders increased 5% to HK\$138.8 million.

Net Cash and Deposits increased by HK\$247.8 million to HK\$653.0 million.

Basic earnings per share was 6.7 HK cents.

Total dividend for the year – 7.0 HK cents per share

- **interim dividend paid of 1.0 HK cent per share**
- **final dividend proposed of 3.5 HK cents per share**
- **25th anniversary special dividend proposed of 2.5 HK cents per share**

RESULTS

The directors (the “Directors”) of IDT International Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended March 31, 2002:

	Notes	2002 HK\$’m	2001 HK\$’m
Turnover	2	2,233.5	2,884.5
Cost of sales		<u>(1,451.5)</u>	<u>(2,077.0)</u>
Gross profit		782.0	807.5
Other revenue		50.1	61.6
Selling expenses		(267.3)	(254.6)
Administrative expenses		(262.2)	(290.7)
Research and development expenses		<u>(88.6)</u>	<u>(101.4)</u>
Profit from operations	3	214.0	222.4
Finance costs	4	(1.5)	(4.3)
Other non-operating income	5	0.5	2.6
Share of results of an associate		<u>4.1</u>	<u>8.5</u>
Profit before taxation		217.1	229.2
Taxation	6	<u>(24.7)</u>	<u>(27.6)</u>
Profit after taxation		192.4	201.6
Minority interests		<u>(53.6)</u>	<u>(68.8)</u>
Profit attributable to shareholders		<u>138.8</u>	<u>132.8</u>
Dividends	7	<u>(145.0)</u>	<u>(92.9)</u>
Earnings per share	8		
– basic (HK cents)		<u>6.7</u>	<u>6.6</u>
– diluted (HK cents)		<u>6.7</u>	<u>6.5</u>

Notes:

1. Adoption of new and revised Statements of Standard Accounting Practice

In the financial year under review, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group’s accounting policies. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in the financial statements. Comparative amounts for the prior year have been re-stated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts and disclosures reported in the current or prior periods.

(i) Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) "Events after the balance sheet date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior year adjustment. The proposed final dividend of HK\$98.6 million and HK\$51.6 million for 2000 and 2001 has been reversed and recognised in the years ended March 31, 2001 and March 31, 2002 respectively. The effect of this change was to increase the Group's and the Company's revenue reserve at April 1, 2000 and April 1, 2001 of HK\$98.6 million and HK\$51.6 million respectively.

(ii) Segment reporting

In the financial year under review, the Group has followed the basis of identification of reportable segments to that required by SSAP 26 "Segment reporting". Segment disclosures for the year ended March 31, 2001 have been amended so that they are presented on a consistent basis.

(iii) Goodwill/negative goodwill

In the financial year under review, the Group has adopted SSAP 30 "Business combinations" and has elected not to re-state goodwill (negative goodwill) previously eliminated against (credited to) reserves. However, impairment losses in respect of goodwill that arose between the date of acquisition of the relevant subsidiary and associate and the date of adoption of SSAP 30 have been recognised retrospectively. The effect of this change was to decrease the revenue reserve and to increase the capital reserve of the Group at March 31, 2000 and March 31, 2001 by HK\$11.2 million.

Goodwill arising on acquisitions prior to April 1, 2001 continues to be held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary and associate, or at such time as further impairment losses are identified. Goodwill arising on acquisitions after April 1, 2001 is capitalised and amortised over its estimated useful life of not more than 20 years.

Negative goodwill arising on acquisitions prior to April 1, 2001 will be credited to income statement at the time of disposal of the relevant subsidiary or associate. Negative goodwill arising on acquisitions after April 1, 2001 is presented as a deduction from assets and will be released to income statement based on analysis of the circumstances from which the balance resulted.

(iv) Leases

The adoption of SSAP 14 (Revised) "Leases" has not resulted in any significant changes to the accounting treatment adopted for leases. Disclosures relating to the Group's leasing arrangements have been modified so as to comply with the new requirements of SSAP 14 (Revised). Comparative disclosures have been re-stated to achieve a consistent presentation.

2. Turnover and segment information

The Group is principally engaged in the design, development, manufacture, and sales and marketing of various consumer electronic products, and the turnover and profit from operations of the Group are principally attributable to such activities.

An analysis of the Group's turnover and contribution to profit from operations by each principal activity is as follows:

	Turnover		Contribution to profit from operations	
	2002 HK\$'m	2001 HK\$'m	2002 HK\$'m	2001 HK\$'m
Sales and manufacture of:				
LCD Consumer Electronic Products	931.6	975.3	162.6	123.1
Telecommunication Products	623.7	981.1	16.1	26.3
Electronic Personal Information Products	260.4	542.4	4.9	58.6
Electronic Learning Products	402.7	368.6	27.0	7.9
Other consumer electronic products	15.1	17.1	(2.8)	3.4
	<u>2,233.5</u>	<u>2,884.5</u>	<u>207.8</u>	<u>219.3</u>
Interest income			15.0	24.3
Unallocated corporate expenses			<u>(8.8)</u>	<u>(21.2)</u>
Profit from operations			<u>214.0</u>	<u>222.4</u>

An analysis of the Group's turnover and contribution to profit from operations by geographical market is as follows:

	Turnover		Contribution to profit from operations	
	2002 HK\$'m	2001 HK\$'m	2002 HK\$'m	2001 HK\$'m
United States of America	1,010.9	1,549.7	77.5	100.6
Europe	879.4	887.2	114.1	110.4
Asia Pacific	343.2	447.6	16.2	8.3
	<u>2,233.5</u>	<u>2,884.5</u>	<u>207.8</u>	<u>219.3</u>
Interest income			15.0	24.3
Unallocated corporate expenses			<u>(8.8)</u>	<u>(21.2)</u>
Profit from operations			<u>214.0</u>	<u>222.4</u>

3. Profit from operations

	2002 HK\$'m	2001 HK\$'m
Profit from operations has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	60.6	48.6
Amortisation of intangible assets	23.6	22.0
Loss on disposal of property, plant and equipment	5.8	17.6
And after crediting:		
Interest income	<u>15.0</u>	<u>24.3</u>

4. Finance costs

	2002 HK\$'m	2001 HK\$'m
Finance lease charges	–	(0.1)
Interest on bank and other borrowings wholly repayable within five years	<u>(1.5)</u>	<u>(4.2)</u>
	<u>(1.5)</u>	<u>(4.3)</u>

5. Other non-operating income

	2002 HK\$'m	2001 HK\$'m
Gain on deemed disposal arising from dilution of interest in a subsidiary listed on the Singapore Exchange Securities Trading Limited as a result of the exercise of share options	<u>0.5</u>	<u>2.6</u>

6. Taxation

The charge consists of:

	2002 HK\$'m	2001 HK\$'m
Hong Kong Profits Tax	(15.7)	(23.7)
Tax in other jurisdictions	(5.2)	(5.7)
Deferred taxation (charge) credit	<u>(3.5)</u>	<u>2.3</u>
	(24.4)	(27.1)
Share of taxation of an associate – Hong Kong Profits Tax	<u>(0.3)</u>	<u>(0.5)</u>
	<u>(24.7)</u>	<u>(27.6)</u>

Hong Kong Profits Tax is calculated at the rate of 16% (2001: 16%) on the estimated assessable profit for the year and tax in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. Dividends

	2002 HK\$m	2001 HK\$m
Additional prior year's final dividend paid as a result of exercise of employees' share options	(0.1)	(0.1)
Interim dividend paid of 1.0 HK cent per share in cash in respect of the financial year 2002 on 2,070,288,407 shares (interim dividend paid of 2.0 HK cents per share in cash with scrip option in respect of the financial year 2001 on 2,058,512,481 shares)	(20.7)	(41.2)
Final dividend proposed of 3.5 HK cents per share in cash in respect of the financial year 2002 on 2,070,288,407 shares (final dividend paid of 2.5 HK cents per share in cash in respect of the financial year 2001 on 2,065,932,907 shares)	(72.5)	(51.6)
Special dividend proposed of 2.5 HK cents per share in respect of the financial year 2002 on 2,070,288,407 shares	(51.7)	—
	<u>(145.0)</u>	<u>(92.9)</u>

8. Earnings per share

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

	2002 HK\$m	2001 HK\$m
Net profit for the year for the purpose of basic earnings per share	138.8	132.8
Effect of dilutive potential ordinary shares: Adjustment to the share of result of a subsidiary based on dilution of its earnings per share	(0.2)	(1.5)
Net profit for the purpose of diluted earnings per share	<u>138.6</u>	<u>131.3</u>
Number of ordinary shares:	2002	2001
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,069,611,312	2,018,262,662
Effect of dilutive potential ordinary shares: Options	1,739,230	4,942,317
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,071,350,542</u>	<u>2,023,204,979</u>

9. Transfers to and from reserves

During the year, the transfer from asset revaluation reserve to revenue reserve upon disposal of leasehold land and buildings amounted to HK\$4.4 million (2001: HK\$0.2 million).

DIVIDENDS

An interim dividend of 1.0 HK cent per share in cash (2001: 2.0 HK cents per share in cash with scrip option) has been paid on January 3, 2002.

The Directors have decided to recommend, at the forthcoming annual general meeting, to be held on August 28, 2002 the payment of a final dividend of 3.5 HK cents per share in cash (2001: 2.5 HK cents per share in cash) and an additional proposed special dividend of 2.5 HK cents per share to commemorate IDT's 25th anniversary. Both dividends will be paid on or about September 25, 2002 to shareholders whose names appear on the register of members of the Company on August 28, 2002.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements of shareholders to the proposed final and special dividends, the register of members of the Company will be closed from August 23, 2002 to August 28, 2002, both days inclusive, during which period no share transfers will be effected. In order to qualify for the proposed final and special dividends, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on August 22, 2002.

BUSINESS REVIEW

IDT celebrated 25 years in business in 2002 and now looks forward to the next 25 years and the many challenges that lie ahead with the same passion for developing innovative consumer electronic products that has driven the Group to celebrate this milestone.

The Group managed to keep growing its Oregon Scientific ("OS") branded sales through its global sales and marketing network despite a challenging economic environment. The OS brand continues to sustain a prominent position in Europe. Leveraging on the European success, the Group has adapted the European success formula to the U.S. and other newly developing markets including South America and China. The Group's rapid development into branded distribution creates a solid base for the future growth as well as value and security for its stakeholders.

The OEM suppliers and ODM manufacturing parts of the business had a more challenging year due to the economic slowdown and other tragic events. However, the strength of IDT's reputation as an OEM/ODM manufacturer coupled with its customer satisfaction culture, which has been built up over the past 25 years, allowed the Group to sustain its existing customer base as well as cultivating new ones.

LCD Consumer Electronic Products business

- The LCD Consumer Electronic Products business division remains the largest segment of the Group's sales, representing 42% of total turnover.
- Sales of OS branded products grew by 13% to HK\$574.5 million.
- Sales under the Huger brand were HK\$39.5 million, which is 50% lower than the prior year.
- During the financial year under review, the division introduced a new line of Health Care and Sports Products leveraging on the Group's LCD and RF technologies coupled with the avant-garde design and quality that typifies the Group's products. The strategy to expand the division's product offering in this market segment resulted in an impressive growth of 39% based on division sales.

- Environmental Monitoring and Timing Devices recorded lower sales due mainly to a combination of increased competition, sluggish economic activity and an inventory overhang at the beginning of the year in particular in Germany. The Group introduced a sales promotion program with aggressive pricing for slow moving items in the 3rd quarter of the financial year, which helped reduce inventory to a more satisfactory level.

Telecommunication Products business

- The Telecommunication Products business continues to depend substantially on the U.S. market and suffered from the annualized impact of the pricing pressure which began to take place in September 2000. The decline was further exacerbated by excess inventories in the U.S. market. These factors resulted in a decline in sales of HK\$357.4 million to HK\$623.7 million for the year under review.
- The business is also faced with a fast pace of changing technology. The 46/49MHz platform phones, which dominated the product mix three years ago, have already been entirely replaced by the 900MHz standard which in turn is being superseded by the 2.4GHz standard. Therefore, keeping ahead of technology and rapid time to market are essential pre-requisites to ensure success in this volume driven business.
- An 1.8GHz Digitally Enhanced Cordless Telecommunications (DECT) telephone product has now been extensively tested in Europe and will help the division promote sales into this market. This product range will be extended in the new financial year to address a larger spectrum of the market.
- The Electronic Manufacturing Services (EMS) which the business is building up, has enjoyed some success during the year, gaining new projects from telco groups. The division will continue to devote resources to developing this area of the business in order to move into higher margin value added services to customers.

Electronic Learning Products business

- The Electronic Learning Products business had a successful year recording an overall growth of 9% over last year.
- The OS branded and licensed products enjoyed a 53% increase in sales to HK\$187.3 million.
- The electronic learning products with a well known girl's character launched in year 2001 were an instant hit with consumers and retailers alike and there were even stories of premiums being paid to get hold of one in the run up to Christmas.
- The division's Wav DJ product launched in 2001 is awarded the Gold Award Winner for Outstanding Innovation and Technology Products in the category of Consumer Electronics by the Hong Kong Electronic Industries Association.
- The OEM side of the business fared less well and suffered a 13% drop in sales due to the tough economic environment in Japan.

Electronic Personal Information Products business

- The sales decline in the Electronic Personal Information Products business is largely explained by the one-off project enjoyed last year linked with the short lived internet boom era.
- Sales under the OS brand were HK\$113.9 million which is HK\$51.7 million lower than the prior year.
- The market for digital imaging products will continue to enjoy tremendous growth and the division is investing in engineering and manufacturing resources to move into higher specification products in line with the market trends.

- The division, working with a number of partners, produced the world's slimmest digital camera measuring just 6mm in thickness, which has earned it a place in the Guinness Book of World Records.
- The division also continues to develop innovative and stylish personal digital assistants (PDA) and digital voice recording products which enjoy a good level of market acceptance due to their winning combination of stylish compact design and competitive pricing.

Oregon Scientific brand distribution business

- Total sales under the OS brand continued to record double-digit growth reaching HK\$885.2 million which represents 40% of the Group's turnover.
- The OS brand continues to carve a place in the hearts and minds of consumers looking for innovative consumer electronic products that are also synonymous with award winning designs which will enhance their daily lives.
- The OS sales and marketing subsidiaries provide the necessary support to the Group to successfully open new channels of distribution in the market and with better margins for the Group. As an example, Oregon Scientific, Inc., which covers the North American market, started e-commerce sales in November 2001. This also provides the Group with invaluable information about the profile of its customers and a rich database to begin cultivating.
- Marketing and promotion is geared towards increasing the visibility of the OS brand through the placement of point of sales cabinets and corners, shops in shop as well as custom made display units.
- The OS brand will be further developed in new markets through appointed national distributors who have the ability to cover the sales channels in their respective markets and the resources to invest in the promotional and marketing activities that are needed to grow the business successfully.

FINANCIAL SUMMARY

- Turnover was HK\$2,233.5 million which is HK\$651.0 million lower than last year. Sales growth of 10% for the Group's OS business and 9% for the Electronic Learning Products business were not enough to compensate for the fall in the turnover of the other businesses.
- Profit from operations was HK\$214.0 million, which is only marginally lower than the HK\$222.4 million recorded in last year despite the drop in turnover of 23%.
- Gross margin recorded a remarkable 7 point increase to reach 35% of sales.
- The Group also exercised tight control on operating expenses which were HK\$28.6 million lower compared with last year.
- Profit attributable to shareholders was HK\$138.8 million, an increase of 5% compared with last year.
- EBITDA was HK\$287.8 million compared with HK\$279.8 million in last year. The EBITDA to sales ratio improved from 10% to 13%.
- Shareholders' funds stood at HK\$1,121.7 million which is HK\$65.7 million higher than last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations from internal cash flow. Net cash balances at March 31, 2002 stood at HK\$653.0 million, an increase of HK\$247.8 million over last year. Net cash balances accounted for 58% of shareholders' funds at financial year end.

The Group has sufficient financial resources to fund its operations, current investment needs and development plans.

CAPITAL STRUCTURE AND TREASURY MANAGEMENT

The Group is funded entirely by equity. The Group does not have any secured or unsecured long-term bank borrowings. Short-term bank borrowings of HK\$15.1 million at March 31, 2002 were in relation to bills payable, import loans, revolving bank loan and bank overdrafts.

The Group exercises tight control on credit. Terms of trade are normally on letter of credit with the exception of sales between member companies of the Group or to selected customers with long established business relationships and strong financial positions.

The Group has adopted a more aggressive attitude to managing its cash reserves and is actively seeking yield enhancement opportunities. Strict criteria have been laid down whereby the Group will only purchase yield enhancing instruments with less than three years maturity and a minimum double A rating.

The Group's exposure to foreign currency is mainly in Euro and Sterling arising from sales transactions between local and overseas members companies. The Group actively hedges its foreign currency exposures through natural hedges, forward contracts and options. Speculative currency transactions are strictly prohibited. The management of currency risk is centralized in the Group's headquarter in Hong Kong.

CONTINGENT LIABILITIES

At March 31, 2002, the Group had contingent liabilities of HK\$0.4 million (2001: HK\$3.9 million).

EMPLOYEES AND REMUNERATION POLICIES

At March 31, 2002, the Group had a total number of approximately 6,700 employees (2001: approximately 8,700 employees) which is about 23% less than last year. The reduction is due to the Group's strategy to leverage its outsourcing partnerships and consolidation of its manufacturing facilities in Shenzhen. The Group has continued to provide staff training to enhance employees' skills and knowledge. Furthermore, the Group has introduced Balanced Score Card approach to goal setting and measuring performance. Key management staff has remained stable and committed throughout the year.

The Group recognises the importance of its employees who contribute to the business. The Group offers remuneration package in line with industry practice, which is subject to annual review. Bonuses may be awarded to employees based on individual performance and the Group's performance. Other staff benefits include medical insurance and mandatory provident fund. In Xixian, Shenzhen, The People's Republic of China where the Group centres its production facilities and at Shekou where the Group maintains its research and development resources, staff welfare was paid with reference to the prevailing labour law in China. The Company and its two non-wholly owned subsidiaries each has an employees' share option scheme to allow granting of share options to selected eligible employees with reference to their contributions and to align their interests with shareholders'.

PROSPECTS

Despite the uncertain economic landscape, the Group believes that there are still many opportunities for growth that can be leveraged from new markets and new products which are being launched in the new financial year. The Group is seeing a satisfactory start to the new financial year with order books currently ahead of the same period last year.

The Group is investing for the future and is expanding its research and development resources. It is also planning to invest in systems to improve the operational efficiency and knowledge sharing within the Group.

Barring unforeseeable circumstances, the Directors are optimistic that the Group will record increased profits for the financial year 2003.

APPRECIATION

Despite that the financial year ended March 31, 2002 has been highly competitive with uncertainty in economic outlook, the Group is supported by the dedicated commitment and continued efforts of its management team and staff members. On behalf of the Directors, I wish to express our appreciation to their loyalty and support throughout the year and also extend our gratitude towards our shareholders and business associates. The Directors will commit themselves to the further development of the Group in order to benefit both our shareholders and employees in the years ahead.

COMPLIANCE WITH 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 Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) throughout the year ended March 31, 2002. The Company has established an audit committee which comprises Mr. Lo Kai Yiu, Anthony (Chairman of the audit committee) and Mr. Kao Ying Lun, both being independent non-executive Directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE’S WEBSITE

A detailed announcement of the annual results of the Group for the year ended March 31, 2002 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 in due course.

On behalf of the board of directors
Raymond Chan
Chairman & Chief Executive Officer

Hong Kong, June 18, 2002

websites: <http://www.idthk.com>
<http://www.irasia.com/listco/hk/idt>

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at the Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, August 28, 2002 at 2:30 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 March 31, 2002.
2. To declare a final and a special dividend for the year ended March 31, 2002.
3. To re-elect directors and fix the remuneration of directors.
4. To appoint auditors and authorise the directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company with or without modifications:

(1) “THAT:

- (a) subject to paragraph (c) of this resolution, the exercise by the directors 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, options and warrants carrying the right to subscribe for shares, which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the directors during the Relevant Period to make or grant offers, agreements, options and warrants carrying the right to subscribe for shares, which would or 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 (whether pursuant to an option or otherwise) by the directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any Share Option Scheme (as hereinafter defined) of the Company; or (iii) any scrip dividend or other similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed the sum of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing 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 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 its Bye-laws or any applicable laws of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company thereof on its register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors 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 in any territory outside Hong Kong); and

“Share Option Scheme” means a share option scheme or similar arrangement for the time being, as varied from time to time, adopted for the grant or issue to executive directors and employees of the Company and its subsidiaries of rights to acquire shares of the Company.”

(2) “THAT:

- (a) subject to paragraph (b) of this resolution, the exercise by the directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase issued shares in the capital of the Company subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the share capital of the Company to be purchased or agreed conditionally or unconditionally to be purchased by the directors pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval 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;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-laws or any applicable laws of Bermuda to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- (3) “THAT the exercise by the directors of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company in accordance with the general mandate granted pursuant to resolution numbered 5(2) set out in the notice convening this meeting be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of shares of the Company purchased by the Company under the authority granted pursuant to resolution numbered 5(3) set out in the notice convening this meeting provided that such 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 passing this resolution.”

6. To transact any other business.

By order of the board of directors
Leung Wai Yee
Company Secretary

Hong Kong, June 18, 2002

Notes:

- (i) The register of members of the Company will be closed from August 23, 2002 to August 28, 2002, both days inclusive, during which period no share transfers will be effected. To qualify for the proposed final and special dividends, all share transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on August 22, 2002.
- (ii) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (iii) To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the principal place of business of the Company in Hong Kong at Block C, 9/F., Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong not less than forty-eight hours before the time for holding the annual general meeting or any adjourned meeting thereof.
- (iv) Resolutions numbered 5(1), 5(2) and 5(3) set out in the notice convening this meeting are the renewal of the present general mandates given by shareholders to the directors which will expire at the forthcoming annual general meeting. An explanatory statement giving further details of the repurchase mandate will be sent to shareholders together with the Company’s 2002 annual report.