



IDT INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED MARCH 31, 2003

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.

PERFORMANCE HIGHLIGHTS

- Group turnover for the year increased 8% to HK\$2,410.2 million
- Sales of “Oregon Scientific” products increased 16% in year to HK\$1,028.8 million
- Profit attributable to shareholders increased 8% to HK\$150.0 million
- Basic earnings per share increased 7% to 7.2 HK cents
- Net cash and deposits was HK\$533.8 million
- Shareholders’ funds was HK\$1,122.8 million
- Total dividend for the year was 7.0 HK cents per share
 - Interim dividend paid of 2.0 HK cents per share
 - Final dividend proposed of 5.0 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, 2003:

	Notes	2003 HK\$’m	2002 HK\$’m
Turnover	2	2,410.2	2,233.5
Cost of sales		(1,585.1)	(1,451.5)
Gross profit		825.1	782.0
Other revenue		58.1	50.1
Selling expenses		(310.2)	(267.3)
Administrative expenses		(267.1)	(262.2)
Research and development expenses		(93.8)	(88.6)
Profit from operations	3	212.1	214.0
Finance costs	4	(3.4)	(1.5)
Other non-operating income	5	–	0.5
Share of results of an associate		3.3	4.1
Profit before taxation		212.0	217.1
Taxation	6	(19.8)	(24.7)
Profit after taxation		192.2	192.4
Minority interests		(42.2)	(53.6)
Profit attributable to shareholders		150.0	138.8
Dividends	7	(145.1)	(145.0)
Earnings per share	8		
– basic (HK cents)		7.2	6.7
– diluted (HK cents)		7.2	6.7

Notes:

1. Adoption of new and revised statements of standard accounting practice

In the current year, the Group has adopted, for the first time, a number of new 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 these financial statements. Comparative amounts for the prior year have been restated 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 but has had no material effect on the results for current or prior accounting periods. Accordingly, no prior period adjustment has been required.

(i) Foreign currencies

The revision to SSAP 11 “Foreign Currency Translation” have eliminated the choice of translating the income statements of overseas operations at the closing rate for the period, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

(ii) Cash flow statements

In the current year, the Group has adopted SSAP 15 (Revised) “Cash Flow Statements”. Under SSAP 15 (Revised), cash flows are classified under three headings, operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as operating, investing and financing cash flows (as appropriate). Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities.

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	
	2003 HK\$’m	2002 HK\$’m	2003 HK\$’m	2002 HK\$’m
Sales and manufacture of:				
LCD Consumer Electronic Products	930.3	931.6	153.3	162.6
Telecommunication Products	705.1	623.7	7.8	16.1
Electronic Personal Information Products	281.0	260.4	(14.1)	4.9
Electronic Learning Products	477.8	402.7	44.9	27.0
Other consumer electronic products	16.0	15.1	0.1	(2.8)
	<u>2,410.2</u>	<u>2,233.5</u>	<u>192.0</u>	<u>207.8</u>
Interest income			20.3	15.0
Unallocated corporate expense			(0.2)	(8.8)
			<u>212.1</u>	<u>214.0</u>

An analysis of the Group's turnover by geographical market is as follows:

	Turnover	
	2003	2002
	HK\$'m	HK\$'m
North America	1,193.3	1,010.9
Europe	908.5	879.4
Asia Pacific	308.4	343.2
	<u>2,410.2</u>	<u>2,233.5</u>
3. Profit from operations		
	2003	2002
	HK\$'m	HK\$'m
Profit from operations has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	68.6	60.6
Amortisation of intangible assets	33.3	23.6
Amortisation of goodwill	0.1	–
Loss on disposal of property, plant and equipment	16.1	5.8
And after crediting:		
Interest income	<u>20.3</u>	<u>15.0</u>
4. Finance costs		
	2003	2002
	HK\$'m	HK\$'m
Interest on bank and other borrowings wholly repayable within five years	<u>(3.4)</u>	<u>(1.5)</u>
5. Other non-operating income		
	2003	2002
	HK\$'m	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>–</u>	<u>0.5</u>
6. Taxation		
The charge consists of:		
	2003	2002
	HK\$'m	HK\$'m
Hong Kong Profits Tax	(16.8)	(15.7)
Tax in other jurisdictions	(5.5)	(5.2)
Deferred taxation credit (charge)	<u>2.6</u>	<u>(3.5)</u>
	(19.7)	(24.4)
Share of taxation of an associate – Hong Kong Profits Tax	<u>(0.1)</u>	<u>(0.3)</u>
	<u>(19.8)</u>	<u>(24.7)</u>

Hong Kong Profits Tax is calculated at the rate of 16% (2002: 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

	2003 HK\$'m	2002 HK\$'m
Additional prior year's final and special dividend paid as a result of exercise of employees' share options	(0.1)	(0.1)
Interim dividend paid of 2.0 HK cents per share in cash in respect of the financial year 2003 on 2,071,898,407 shares (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)	(41.4)	(20.7)
Final dividend proposed of 5.0 HK cents per share in cash in respect of the financial year 2003 on 2,072,048,407 shares (final dividend paid of 3.5 HK cents per share in cash in respect of the financial year 2002 on 2,070,288,407 shares)	(103.6)	(72.5)
Special dividend paid of 2.5 HK cents per share in respect of the financial year 2002 on 2,070,288,407 shares	—	(51.7)
	<u>(145.1)</u>	<u>(145.0)</u>

8. Earnings per share

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

	2003 HK\$'m	2002 HK\$'m
Net profit for the year for the purpose of basic earnings per share	150.0	138.8
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)	(0.2)
Net profit for the purpose of diluted earnings per share	<u>149.8</u>	<u>138.6</u>
Number of ordinary shares:	2003	2002
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,071,671,243	2,069,611,312
Effect of dilutive potential ordinary shares: Options	<u>4,785,890</u>	<u>1,739,230</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,076,457,133</u>	<u>2,071,350,542</u>

DIVIDENDS

An interim dividend of 2.0 HK cents per share in cash (2002: 1.0 HK cents per share in cash) was paid on January 27, 2003.

The Directors have decided to recommend at the forthcoming annual general meeting to be held on August 28, 2003 the payment of a final dividend of 5.0 HK cents per share in cash (2002: 3.5 HK cents per share in cash) to be paid on or about September 19, 2003 to the shareholders whose names appear on the register of members of the Company on August 28, 2003.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements of shareholders to the proposed final dividend, the register of members of the Company will be closed from August 23, 2003 to August 28, 2003, both days inclusive, during which period no share transfers will be effected. In order to qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Secretaries Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on August 22, 2003.

BUSINESS REVIEW

The Group's business continues to develop along two distinct but complementary paths. Our core ability as an innovator and manufacturer of many "world first" products has facilitated our increasing success at building a global consumer brand based on user friendly and affordable consumer electronic products incorporating LCD and microprocessor technologies.

IDT is positioned as a B2B brand trusted by many world-class companies to take care of their design and manufacturing needs. The business is organised around four product divisions, each fielding its own dedicated product research and development, manufacturing, sales & marketing, logistics and finance teams.

Oregon Scientific is the Group's B2C brand which is gaining a high degree of recognition and consumer confidence for its innovative "lifestyle" consumer electronic products that enhance our customers' daily lives. The business is organised under Oregon Scientific Global Distribution together with its network of 15 sales offices grouped under 4 main regions and a network of authorised distributors. The focus of the sales offices is to develop the Oregon Scientific brand in their local markets with a team of sales and marketing professionals headed by a local Country Manager. The sales offices are supported by finance, logistics and customer service functions.

The IDT Product divisions and Oregon Scientific offices collaborate to determine product and market strategies. The market facing sales offices provide invaluable information on consumer needs and market trends in their local markets. The product divisions are charged with the task of developing and manufacturing innovative, top quality products, differentiated by their leading-edge technology and increasingly in the design and materials used to meet market needs. This collaborative effort makes effective use of all the knowledge available within the Group to further our vision and mission.

The collaborative model also applies to how the product divisions work with ODM/OEM customers as they provide the best solutions to their needs. This is then backed by efficient and cost effective manufacturing operations.

Oregon Scientific brand distribution business

- The Oregon Scientific business grew by 16% to achieve record sales of HK\$1,028.8 million, which represents a significant 43% of the Group's turnover.
- During the year, the worldwide Oregon Scientific business has been organised into four Key Regions headed by Regional Presidents.
- The US was both the fastest growing major market and the largest market for our Oregon Scientific products with sales having grown by 50% to reach HK\$344.0 million.

- The Group will increase the number of Oregon Scientific points of sale cabinets to enhance the visibility of the brand, which will stimulate consumer demand with our dealers and distributors.
- In Hong Kong, we opened our first flagship image store in Asia. A second Asian store is planned for Shanghai in second quarter of FY2004.
- To support the growth in Oregon Scientific sales, which also yield higher margins, the Group continues to invest in sales and marketing activities. This accounts for the increase in sales expenses during the year.
- To save costs and improve logistics for the Oregon Scientific operations in Europe, the Group has set up a centralised European Distribution Centre in Duisburg, Germany to hold stocks for its subsidiaries in Italy, France, Germany, Spain and UK.

LCD Consumer Electronic Products Division

- The LCD Consumer Electronic Products (“LCD”) division achieved HK\$930.3 million of sales, which is in line with last year’s sales of HK\$931.6 million.
- It accounted for approximately 39% (2002: 42%) of the Group’s total turnover and remains the largest business segment for the Group.
- Sales of Oregon Scientific brand products grew by 3% to reach HK\$591.8 million, whilst sales of the Huger brand decreased by 53% to HK\$18.8 million. Oregon Scientific sales accounted for 64% of the LCD division’s sales for the year, compared to 62% last year.
- During the year, the LCD division launched 115 new products, which accounted for 27% of its total sales on a divisional basis.
- This division currently has 102 new products under development, including two co-branded product lines to be launched in 2004. The co-branding strategy will provide the Group with a competitive advantage and higher margins.
- As the division recently entered into a significant OEM contract with an existing customer, we expect our OEM business to report growth in the 03/04 financial year.

Telecommunication Products Division

- The Telecommunication Products division saw sales increase by 13% to HK\$705.1 million over the year.
- Owing to the increase in sales to Europe, the division reduced its dependence on the North American market, with the sales contribution dropping from 93% last year to 89%.
- Sales under the Oregon Scientific brand rose to HK\$21.8 million which accounted for 3% of the division’s total sales.
- The division increased the sale of more advanced phones, such as the 2.4GHz analogue and 1.8GHz digital cordless phones. Sales of these products at the division level increased significantly to HK\$297.9 million over the year.

- Product range was extended to cover conference phones and the division plans to produce more such products under private customer labels.
- In January 2003, the division was successfully privatised and de-listed from the Singapore Exchange Securities Trading Limited.
- The division has about 43 new products currently under development.

Electronic Personal Information Products Division

- The Personal Information Products sales grew 8% in the face of volatile economic consumer demand, tight supply conditions, and tough competition to achieve sales of HK\$281.0 million.
- Of the division's total sales, the Oregon Scientific brand accounted for 37%, down from last year's 44%.
- The division increased investments in R&D, sales & marketing and clean room facilities to support the increase in sales of digital cameras.
- The division continued to increase delivery of its slim series of digital cameras including the award-winning card-size cameras in volume both for the Oregon Scientific and private label brands.
- The division is well positioned to launch its next digital imaging products and a number of digital audio models for both private labels and Oregon Scientific brand.
- Also in the pipeline are several ODM projects being undertaken for major worldwide consumer electronic brands.

Electronic Learning Products Division

- The Group's Electronic Learning Products division maintained its growth momentum to achieve an impressive increase of about 19% in sales to reach HK\$477.8 million.
- This was mainly attributable to the popularity of its Oregon Scientific and licensed products, which enjoyed a 63% increase in sales to HK\$304.4 million. Sales of these products accounted for 64% of the division's total sales, compared to 47% last year.
- Among recent successes, the division won four significant awards, "Licensee of the Year" presented by Mattel, Inc.; "Vendor of the Year" presented by Toys "я" Us; "Most Innovative Educational Products" by Positive Image News and Reviews and "Best Vacation Products for 2003" by Dr Toy.
- In addition to the launch of the new Barbie™ and Hot Wheels™ products in partnership with Mattel Inc. during the year, the division has introduced an unique platform that combines touch-sensitive books with TV-interactive activities.
- Focused on creating character-based products with a commitment to innovative design, the division is confident of achieving further successes into the future.

FINANCIAL SUMMARY

- Turnover increased by 8% to reach HK\$2,410.2 million for the year.
- Oregon Scientific brand sales recorded a 16% increase over the year to break the HK\$1 billion level.
- OEM/ODM sales grew by 4%.
- Gross margins were maintained at a healthy 34%.
- Profit from operations grew to HK\$212.1 million, compared to the HK\$214.0 million reported last year.
- To support the growth of our Oregon Scientific brand business, the Group's sales expenses increased to HK\$310.2 million. However, the ratio of sales expenses for the Oregon Scientific business was maintained at the same level as last year.
- R&D expenses increased by 6% to HK\$93.8 million, representing 4% of turnover, which is in line with last year's figures.
- Profit attributable to shareholders was HK\$150.0 million, an increase of 8% when compared to last year.
- EBITDA was HK\$297.1 million for the year under review compared with HK\$287.8 million last year. The EBITDA to sales ratio was 12%.
- Net cash and deposits balances decreased by HK\$119.2 million to HK\$533.8 million over the year, mainly as a result of the privatisation of I-Comm Technology Limited.
- Shareholders' funds stood at HK\$1,122.8 million.
- Returns on capital employed increased from 12% to 13%.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to finance operations from internal cash flows. Net cash and deposits as at March 31, 2003 stood at HK\$533.8 million, compared to HK\$653.0 million last year. The reduction was mainly due to the cash used for privatisation of I-Comm Technology Limited during the year.

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 and does not have any secured or unsecured long-term debt. The short-term bank borrowings of HK\$57.3 million as at March 31, 2003 (2002: HK\$15.1 million), was in relation to bills payable, import loans, revolving bank loans and bank overdrafts.

The Group increased high yield deposits with financial institutions from last year's HK\$140.4 million to HK\$237.9 million at the end of March 2003. The average yield for these deposits has also increased from last year's 5.3% per annum to 6.8%. These deposits were placed with institutions with a minimum double A rating and with a tenor of five years. These instruments do carry a level of risk where interest earned could be nil if certain conditions are met.

The Group's exposure to foreign currency mainly arises from the translation of inter-company balances between local manufacturing divisions and our sales and distribution subsidiaries overseas. We actively hedge our foreign currency exposures through natural hedges, forward contracts and options. As at March 31, 2003, we had forward contracts and options in place to hedge against possible exchange losses from the translation of intra-group balances. During the year, we also took out an Australian dollar denominated revolving loan amounting to A\$8.0 million (HK\$37.7 million) as a natural hedge against the balance receivable from our wholly owned subsidiary in Australia. Speculative currency transactions are strictly prohibited. The management of currency risk is centralized in the Group's headquarters in Hong Kong.

CONTINGENT LIABILITIES

As at March 31, 2003, the Group had nil contingent liabilities (2002: HK\$0.4 million).

EMPLOYEES AND REMUNERATION POLICIES

At March 31, 2003, the Group had a total number of approximately 7,750 employees, compared with 6,700 employees on the same day last year. The increase was mainly due to the increase in factory workers in line with increased production volumes.

We continue to maintain and upgrade the capabilities of our workforce by providing staff training. Following the introduction of the Balanced Score Card approach in setting goals and measuring performances last year, we saw significant improvements in discipline and the quality of work.

We fully recognise the importance of our employees who contribute so significantly to the success of our business. We offer remuneration packages in line with industry practices, which are subject to annual review. Bonuses are awarded to employees based both on individual and Group performances. Other staff benefits include medical insurance and a mandatory provident fund. In Xixian, Shenzhen, China where we centre our production facilities and at Shekou where we maintain our research and development resources, staff welfare is in line with prevailing labour laws in China. Both the Company and our Singapore listed subsidiary, IDT Holdings (Singapore) Limited, each has an employee share option scheme, which grant share options to selected eligible employees to reward them for their contributions and to align their interests with that of the shareholder.

PROSPECTS

Since the war on Iraq has ended and the SARS epidemic has been contained, the world economy should be heading for a recovery. However, both the strength and timing of such a recovery is still uncertain.

To stay on track for further growth, the Group will continue to invest in expanding the Oregon Scientific business and our OEM/ODM customer base. To remain competitive in terms of innovation and pricing, we are committed to keeping our R&D capacity at the forefront of the latest technologies whilst maintaining tight controls on overall operating costs. The Group is also in the process of upgrading our information systems to further improve our operational efficiencies.

Having achieved earnings growth in the last two years despite the adverse economic conditions, we are proud of our resilience and timely and proactive action which have improved the Group's prosperity. The Group is thus confident that, barring unforeseen circumstances, we will continue to deliver a satisfactory performance in the year ahead.

APPRECIATION

On behalf of the Board of Directors, I wish to thank our shareholders for their continuous support and extend our appreciation to our hardworking and committed staff for their contributions to our achievements in the year.

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, 2003. 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.

VOLUNTARY QUARTERLY REPORTING

The Board of Directors have passed a resolution to adopt voluntary quarterly reporting from the financial year ending March 31, 2004.

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

During the year under review, IDT Holdings (Singapore) Limited, a 63% owned subsidiary of the Company listed on the Singapore Exchange Securities Trading Limited ("SGX") repurchased its shares on the SGX as follows:

Date of purchases	No. of shares purchased	Highest price paid per share	Lowest price paid per share	Total consideration paid
January 7, 2003	436,000	S\$1.14	S\$1.14	S\$497,040.00
January 8, 2003	458,000	S\$1.15	S\$1.14	S\$526,516.80

Save as disclosed above, 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'S EXCHANGE'S WEBSITE

A detailed announcement of annual results of the Group for the year ended March 31, 2003 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, 2003

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 Thursday, August 28, 2003 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, 2003.
2. To declare a final dividend for the year ended March 31, 2003.
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(1) 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(2) 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

Matthew Pau

Company Secretary

Hong Kong, June 18, 2003

Notes:

- (i) The register of members of the Company will be closed from August 23, 2003 to August 28, 2003, both days inclusive, during which period no share transfers will be effected. To qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Secretaries Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on August 22, 2003.
- (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, 9th Floor, 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 2003 annual report.