



The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consisted of (a) the construction business, as a main contractor, as well as contracting intelligent building engineering and electrical and mechanical engineering services, mainly in Hong Kong and elsewhere in the People's Republic of China ("PRC"); (b) property development and investment; and (c) the trading and retailing of fitness, leisure and medical equipment and the provision of related installation and services.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area for the year ended 31 March 2001 is as follows:

| | Turnover 2001 HK\$'000 | Contribution to profit from operating activities 2001 HK\$'000 | Turnover 2000 HK\$'000 | Contribution to profit from operating activities 2000 HK\$'000 |
|---|------------------------------|---|------------------------------|---|
| By activity: | | | | |
| Construction contracting and related business | 457,169 | 566 | 351,835 | 5,329 |
| Property development and investment | 103,988 | 4,928 | 8,000 | 90 |
| Sales and installation of fitness, leisure and medical equipment and related business | 82,042 | 5,925 | 66,269 | 9,742 |
| | <u>643,199</u> | <u>11,419</u> | <u>426,104</u> | <u>15,161</u> |
| By geographical area: | | | | |
| PRC: | | | | |
| Hong Kong | 419,745 | 3,855 | 238,335 | 2,905 |
| Elsewhere | 223,454 | 7,564 | 187,769 | 12,256 |
| | <u>643,199</u> | <u>11,419</u> | <u>426,104</u> | <u>15,161</u> |



RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2001 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 28 to 74.

No interim dividend was paid during the year and the directors do not recommend the payment of a final dividend in respect of the year (2000: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group, as prepared from the audited financial statements of the companies now comprising the Group, after appropriate adjustments and reclassifications, is set out as follows:

| | Year ended 31 March | | | | |
|---|-------------------------|-------------------------|-------------------------|--|--|
| | 2001 <i>HK\$'000</i> | 2000 <i>HK\$'000</i> | 1999 <i>HK\$'000</i> | 1998 <i>HK\$'000</i> <i>(Note 2)</i> | 1997 <i>HK\$'000</i> <i>(Note 2)</i> |
| Turnover | 643,199 | 426,104 | 233,182 | 352,929 | 394,674 |
| Profit before tax | 7,582 | 15,625 | 12,870 | 49,625 | 46,403 |
| Tax | 5,106 | (1,859) | (2,381) | (7,207) | (4,358) |
| Profit before minority interests | 12,688 | 13,766 | 10,489 | 42,418 | 42,045 |
| Minority interests | 719 | 182 | 568 | 273 | (33) |
| Net profit attributable to shareholders | 13,407 | 13,948 | 11,057 | 42,691 | 42,012 |



SUMMARY OF FINANCIAL INFORMATION (continued)

Assets and liabilities

| | As at 31 March | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------------------|
| | 2001 HK\$'000 | 2000 HK\$'000 | 1999 HK\$'000 | 1998 HK\$'000 | 1997 HK\$'000 (Note 3) |
| Fixed assets | 67,709 | 71,290 | 47,495 | 56,787 | 64,799 |
| Investment properties | – | – | 8,960 | 56,650 | 62,850 |
| Deferred development costs | 2,953 | – | – | – | – |
| Interests in associates | 24,947 | 12,672 | 103,060 | 53,212 | 53,000 |
| Long term investments | 6,153 | – | 1,121 | 14,963 | – |
| Current assets | 383,756 | 435,067 | 245,984 | 201,561 | 183,501 |
| Total assets | 485,518 | 519,029 | 406,620 | 383,173 | 364,150 |
| Current liabilities | (198,059) | (227,390) | (141,380) | (153,927) | (172,077) |
| Long term bank and other borrowings | – | (1,983) | – | – | (41,541) |
| Convertible notes | (10,251) | – | – | – | – |
| Total liabilities | (208,310) | (229,373) | (141,380) | (153,927) | (213,618) |
| Minority interests | (15,063) | (25,227) | (20,044) | (6,247) | (432) |
| Net assets | 262,145 | 264,429 | 245,196 | 222,999 | 150,100 |

Notes:

- (1) On 21 May 1997, pursuant to a Group reorganisation (the "Reorganisation") to rationalise the Group structure in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, the Company acquired the entire issued share capital of Deson Development Holdings Limited, the then holding company of the subsidiaries included in the Reorganisation, and became the holding company of the Group.
- (2) Pursuant to the Reorganisation, the results of the Group for each of the two years ended 31 March 1998 were prepared on a pro forma combined basis as if the structure of the Group upon the Reorganisation had been in existence throughout those years.
- (3) Pursuant to the Reorganisation, the pro forma combined balance sheet as at 31 March 1997 was prepared on the basis as if the structure of the Group upon the Reorganisation was in place at that date.



FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 10 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at the balance sheet date are set out in note 12 to the financial statements.

ASSOCIATES

Particulars of the Group's associates as at the balance sheet date are set out in note 13 to the financial statements.

BANK AND OTHER BORROWINGS

Particulars of the bank and other borrowings of the Group as at the balance sheet date are set out in note 22 to the financial statements.

CONVERTIBLE NOTES

Particulars of the convertible notes of the Group as at the balance sheet date are set out in note 24 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital, share options and warrants during the year, together with the reasons therefor, are set out in note 25 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 26 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2001, the Company's reserves available for cash distribution and/or distribution in specie, computed in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK\$155,962,000. In addition, the Company's share premium account may be distributed in the form of fully paid bonus shares.

Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions from its contributed surplus in certain circumstances.



PENSION SCHEME

Details of the pension scheme of the Group and the employer's pension costs charged to the profit and loss account for the year are set out in notes 2 and 4 to the financial statements, respectively.

INTEREST CAPITALISED

Interest capitalised by the Group during the year amounted to HK\$1,688,000 (2000: HK\$459,000).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2001:

- (i) the aggregate amount of turnover attributable to the five largest customers represented 55% of the Group's total turnover. Sales to the largest customer included therein amounted to 17%; and
- (ii) the aggregate amount of purchases (not including purchases of items of a capital nature) attributable to the five largest suppliers represented 31% of the Group's total purchases. Purchases from the largest supplier included therein amounted to 14%.

None of the directors of the Company, or any of their associates or any other shareholders, which to the best knowledge of the Company's directors owns more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers or suppliers during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors

Mr. WANG Ke Duan *(Chairman)*
Mr. TJIA Boen Sien *(Managing Director and Deputy Chairman)*
Mr. WANG Jing Ning
Mr. KEUNG Kwok Cheung
Mr. KONG Kwok Fai

Non-executive director

Mr. SIU Kam Chau *(redesignated as a non-executive director on 2 May 2001)*

Independent non-executive directors

Dr. HO Chung Tai, Raymond
Mr. DING Shi Zhao
Ms WONG Sin Yee *(appointed on 28 June 2000)*
Mr. CHIANG Sheung Yee, Anthony *(resigned on 28 June 2000)*



DIRECTORS *(Continued)*

Mr. Keung Kwok Cheung and Mr. Ding Shi Zhao will retire by rotation according to the Company's bye-laws and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director of the Company had a beneficial interest in any material contract to which the Company or any of its subsidiaries was a party during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

WANG Ke Duan, aged 70, is one of the co-founders of the Group. He is currently the chairman of the Group. He has over 46 years' experience in the construction engineering industry in the PRC and has been involved as a main contractor in projects such as Hot Spring Hotel and East Lake Hotel in Fuzhou, Yan Shan Hotel in Beijing and Shangri-La Hotel in Hangzhou. He was the deputy general manager of Fujian Province Construction Corporation for three years prior to the establishment of the Group. He is currently responsible for the daily operations of the Group.

TJIA Boen Sien, aged 57, is one of the co-founders of the Group. He is currently the managing director and deputy chairman of the Group. Mr. Tjia is responsible for the overall corporate strategy and the daily operations of the Group, including business development and overall management. He graduated from the Fujian Overseas Chinese University in the PRC. Mr. Tjia is well-respected and has established connections in the PRC construction industry through his extensive experience. He has over 18 years' experience in the construction industry in the PRC and Hong Kong. Mr. Tjia is the vice chairman and committee member of Zhan Tian You Civil Engineering Development for Science and Technology; a member of China Civil Engineering Society, PRC; a corporate member of the Chartered Institute of Building and a member within the Project Management Section, Architecture & Surveying Institute in the United Kingdom.

**BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT** *(Continued)***Executive Director** *(continued)*

WANG Jing Ning, aged 45, joined the Group in 1988. He is an executive director of the Group. Mr. Wang has over 21 years' experience in hotel management and construction engineering in the PRC and Hong Kong. He is currently responsible for managing the Group's projects in the PRC.

KEUNG Kwok Cheung, aged 43, joined the Group in March 1989. He is an executive director of the Group and is currently in charge of the Group's engineering and contracts departments. He has over 19 years' experience in the field of civil and structural engineering and building project management. He also holds an Associateship in Civil and Structural Engineering from the Hong Kong Polytechnic University and a Master's degree in Business Administration from the University of East Asia in Macau. He is a member of Civil Engineering & Architectural Society of Guangdong Province, PRC and is a member of the China Civil Engineering Society, PRC.

KONG Kwok Fai, aged 39, joined the Group in March 1991. He is an executive director of the Group and supervises the Group's engineering department. He is responsible for overall projects operation and all contractual matters relating to construction. He holds a Master's degree in civil and structural engineering from the University of Sheffield in the United Kingdom and is a member of the Association for Project Management in the United Kingdom; a member of the Civil Engineering Society of China, PRC and a member of the Civil Engineering & Architectural Society of Guangdong Province, PRC.

Non-executive director

SIU Kam Chau, aged 36, joined the Group in September 1993. He is now a non-executive director of the Group. He holds a bachelor degree in accountancy from the City University of Hong Kong. He is a fellow of the Chartered Association of Certified Accountants and the Hong Kong Society of Accountants. He is also a certified public accountant. He has over 12 years' experience in accounting, auditing and finance.

**BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT** *(Continued)***Independent non-executive directors**

Dr Raymond Ho Chung-Tai, MBE, S.B. St. J., JP, aged 62, is currently a member of the second Legislative Council (Engineering Functional Constituency) and Joint Chairman of the Capital China Group of companies, which organises and manages industrial, energy, infrastructure, transportation and forestry projects in the PRC and other countries and also Joint Chairman of Ho Wang Group of companies, which provides professional services on transport planning, environment engineering and infrastructure. Dr Ho has 38 years' experience in the fields of civil, structural environmental and geotechnical engineering and project management including 28 years in Hong Kong and 10 years in the United Kingdom. Dr Ho holds a doctorate in civil engineering from the City University of London, U.K., Hon. Doctor of Business Administration from the City University of H.K., a postgraduate diploma in geotechnical engineering from Manchester University, U.K. and a bachelor degree of civil engineering from the University of Hong Kong. Dr Ho was formerly a partner and senior director of Maunsell Consultants Asia Limited from January 1976 to August 1993. Dr Ho was formerly President of the Hong Kong Institution of Engineers, Council Chairman of the City University of Hong Kong, Council Chairman of the former City Polytechnic of Hong Kong, the Chairman of the Technology Committee and member of Industry & Technology Development Council, Chairman of the Transport Advisory Committee, a member of the first Legislative Council (Engineering Functional Constituency), a member of the Provisional Legislative Council, Hong Kong Affairs Adviser, a member of the Selection Committee of the Hong Kong Special Administrative Region, Vice Chairman of the Legislative Council's Select Committee on the inquiry of the chaos of the New Airport opening, and member of the New Airport Consultative Committee. Dr Ho is currently a member of the Gas Safety Advisory Committee, Deputy Chairman of Guangdong Daya Bay Nuclear Plant Safety Consultative Committee and member of the Legislative Council Select Committee on Building Problems of Public Housing Units.

WONG Sin Yee, aged 41, was graduated from the University of Hong Kong in 1982. She has extensive experience in property and construction matters in Hong Kong and the PRC. Miss Wong was admitted as a solicitor of the Supreme Court of Hong Kong in 1992 and has worked as an in-house lawyer and consultant since then. Miss Wong is now the principal of Messrs. S. Y. Wong & Co. specialising in commercial and corporate law.

DING Shi Zhao, aged 61, is currently a professor of Tongji University in Shanghai, PRC. He has a doctorate in civil engineering from TH Darmstadt in Germany. Mr. Ding is an Fellow Member of, as well as the official PRC representative in the Chartered Institute of Building in the United Kingdom. He is also the director of the Research Institute of Project Administration and Management of Tongji University.

**BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT** *(Continued)***Senior management**

SONG Sio Chong, age 46, joined the Group in July 1999. He is the director of Deson Development Limited and supervise the Group's engineering department and contracts department. He has 22 years' professional experience in structural design, site supervision and contract management. He is a Chartered Structural Engineer and Registered Professional Engineer. Other than academic qualification in Civil and Structural Engineering, he holds LLB, LLM and LLD in PRC Law from Peking University.

HO Ka Yiu, aged 42, joined the Group in August 1993. He is the director of Deson Development Limited and incharge of contracts department of the Group. His responsibilities include supervision of the quantity surveying and the contracts works. He has over 19 years' professional experience in quantity surveying and contract management. He holds a higher certificate in building studies from the Hong Kong Polytechnic University.

CHAN Chi Kwong, aged 38, joined the Group in July 1992. He is a senior project manager of the Group and is responsible for supervision of the Group's construction projects both in Hong Kong and in P.R.C. He has over 17 years' experience in the field of civil and structural engineering. He holds a Higher Diploma in Building from City University of Hong Kong.

YEUNG Yam Chi, aged 38, joined the Group in April 1994. He is a project manager of the Group and is responsible for supervision of the Group's construction projects both in Hong Kong and in P.R.C. which include monitoring of site progress and quality, liaison and coordination with clients, architects, consultants and sub-contractors. He has over 15 years' experience in the field of civil and structural engineering. He holds a Master degree in civil and structural engineering from the University of Sheffield in the United Kingdom.

LEUNG Siu Lok, aged 43, joined the Group in April 1995. He is a project manager of the Group and is responsible for on-site supervision of Hong Kong projects which include monitoring of site progress and quality, liaison and coordination with government authorities, clients, architects, consultants and sub-contractors. He has over 20 years' experience in the field of civil and structural engineering. He holds an Associateship in Civil and Structural Engineering from the Hong Kong Polytechnic University.

LEE Kai Ming, aged 43, joined the Group in August 1997. He is an E&M engineer of the Group and is responsible for supervising all building service projects. He has more than 19 years' experience in building services engineering. He is a member of the Hong Kong Institution of Engineer, a chartered engineer of the Engineer Council and a member of the Chartered Institution of Building Services Engineers.

**BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT** *(Continued)***Senior management** *(continued)*

KWOK Koon Keung, aged 33, joined the Group in February 1996. He is a Senior Quantity Surveyor of the Group and is responsible for tender preparation and submission, preparation of payment application, measurement and cost estimates and settlement of final account. He has over 11 years' experience in the field. He holds a Bachelor of Science in Building from South Bank University. He is a Professional Associate Member of The Royal Institute of Chartered Surveyors.

ONG Chi King, aged 28, joined the Group in October 1999. He is the financial controller and company secretary of the Group. He is responsible for the overall supervision on the accounting, finance and company secretarial functions of the Group. He holds a bachelor's degree in business administration from the Hong Kong University of Science and Technology. He is an associate of the Association of Chartered Certified Accountants and an associate of the Hong Kong Society of Accountants.

KONG Ping, aged 65, joined the Group in April 1990 as the accountant of the Group. She is responsible for overseeing all of the Group's accounting matters in the PRC. She obtained her accountancy qualification from Fujian Province in 1983 after having graduated from Fujian Finance School in the PRC. She has more than 35 years' cost accounting experience in major enterprises in the PRC.

LI Ngan Mei, aged 40, joined the Group in December 1988 and is the administration manager of the Group. She has more than 16 years' experience in personnel and administration management.

DIRECTORS' INTERESTS IN SECURITIES

At 31 March 2001, the interests of the directors and their associates in the securities of the Company and its associated corporations, as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), were as follows:

| Name of director | Nature of interests | Number of shares held | Number of warrants held |
|-------------------|-------------------------|-----------------------|-------------------------|
| Tjia Boen Sien | Corporate <i>(Note)</i> | 1,968,750,000 | 24,375,000 |
| | Personal | 94,120,000 | 200,000 |
| Wang Jing Ning | Corporate <i>(Note)</i> | 1,968,750,000 | 24,375,000 |
| | Personal | 15,330,000 | – |
| Wang Ke Duan | Personal | 11,600,000 | – |
| Keung Kwok Cheung | Personal | 5,000,000 | 110,000 |
| Siu Kam Chau | Personal | 5,000,000 | 50,000 |
| Kong Kwok Fai | Personal | 5,000,000 | – |

**DIRECTORS' INTERESTS IN SECURITIES** *(Continued)***Note:**

Sparta Assets Limited, a company incorporated in the British Virgin Islands, was beneficially interested in 1,968,750,000 shares of the Company. Mr. Tjia Boen Sien and Mr. Wang Jing Ning own 80% and 10% of the issued share capital of Sparta Assets Limited, respectively.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity of the Company or any of its associated corporations, as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Pursuant to the Company's share option scheme, as detailed in note 25 to the financial statements, the Company granted 27,000,000 share options to its directors during the year. The options are exercisable during the period from 23 April 2001 to 22 April 2003 with a subscription price of HK\$0.0384 each.

The above share options granted to directors to subscribe for ordinary shares of the Company, outstanding at 31 March 2001, were as follows:

| Name of director | Number of share options |
|-------------------------|--------------------------------|
| Wang Ke Duan | 2,000,000 |
| Tjia Boen Sien | 6,000,000 |
| Wang Jing Ning | 3,000,000 |
| Keung Kwok Cheung | 6,000,000 |
| Kong Kwok Fai | 5,000,000 |
| Siu Kam Chau | 5,000,000 |
| | <u>27,000,000</u> |

Further details of the Company's share option scheme are set out in note 25 to the financial statements.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES** *(Continued)*

Except as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed under the section headed "Directors' interests in securities", at 31 March 2001, no person had registered as having an interest of 10% or more in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, the Company repurchased a total of 54,460,000 shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the particulars of which are as follows:

| Month of purchase | Number of shares repurchased | Highest price paid <i>HK\$</i> | Lowest price paid <i>HK\$</i> | Total paid <i>HK\$</i> |
|--------------------------|-------------------------------------|--|---|----------------------------------|
| June 2000 | 1,000,000 | 0.082 | 0.082 | 82,000 |
| October 2000 | 6,000,000 | 0.056 | 0.040 | 276,800 |
| November 2000 | 11,600,000 | 0.054 | 0.050 | 600,000 |
| January 2001 | 13,000,000 | 0.033 | 0.024 | 343,000 |
| March 2001 | 22,860,000 | 0.030 | 0.028 | 671,000 |
| | <hr/> | | | <hr/> |
| Total | 54,460,000 | | | 1,972,800 |

The repurchased shares were cancelled during the year and the issued share capital of the Company was reduced by the par value thereof. The premium paid on the repurchase of the shares, including expenses, of HK\$1,468,200 has been charged to the share premium account. An amount equivalent to the par value of the shares cancelled has been transferred from the retained profits of the Company to the capital redemption reserve.

The repurchase of the Company's shares during the year was effected by the directors pursuant to the mandate from shareholders with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Apart from the above, there was no other purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the year.



PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DETAILS OF PROPERTIES

The properties under development for sale of the Group are as follows:

| Location | Group interest | Stage of completion | Expected completion date | Expected use | Gross floor area |
|--|----------------|---|---|--------------|---|
| Asian Villas, Jinpen Industrial Development Zone, Haikou, Hainan Province, PRC | 100% | Completion of phase II expected in December 2001 followed by commencement of construction work on phase III | Completion of all phases in December 2002 | Residential | The total site area is 66,000 sq.m. The total gross floor area will be 110,000 sq. m. |
| Residential Development at Bai Se Road, Shanghai, Shanghai Botanic Garden | 100% | In foundation stage | End of 2002 | Residential | The total site area is 35,235 sq.m. The total gross floor area will be 49,325 sq. m. |

The principal completed properties held for sale of the Group are as follows:

| Location | Group interest | Tenure | Use |
|---|----------------|--|-------------------|
| 24, 27-28 floors and 19 car park spaces at Zhongda Square, 989 Dong Fang Road, Lujiazui, Pudong District, Shanghai, PRC | 100% | The property is held for a term of 50 years, commencing on 22 December 1993 and expiring on 21 December 2043 | Office/commercial |
| Desin Building 367 Xin Da Road Xin Gan Zhen, Ningbo Economic and Technology Development Zone, Beilun, Ningbo Zhejiang Provision PRC | 100% | The property is held for a term of 50 years, commencing on 3 July 1993 and expiring on 2 July 2043 | Office/commercial |



DETAILS OF PROPERTIES *(Continued)*

The Group's completed properties held for sale are situated in the PRC and are held under medium term leases.

COMPLIANCE WITH THE 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 on the Stock Exchange, throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation in accordance with the Company's articles of association.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Tjia Boen Sien

Managing Director and Deputy Chairman

Hong Kong
26 July 2001