



Highlights

- Turnover was HK\$2,409 million, down 11%.
- Profit attributable to shareholders was HK\$254 million, up 10%.
- Basic earnings per share were HK\$0.97, up 10%.
- Interim dividend per share was HK\$0.60, up 9%.
- Construction works of the Private Sector Participation Scheme project in Tseung Kwan O Town Lot No. 62 were nearing completion. Public sale of the residential units of this project is likely to be launched by the Housing Authority early next year.
- The gross and outstanding values of construction contracts on hand were HK\$11.9 billion and HK\$6.6 billion respectively, and contracts with a value of \$1.8 billion are expected to be awarded in the near future.
- In Hong Kong, the long-term public housing programme and building plans of the Architectural Services Department should continue to provide ample tendering opportunities.
- Concrete consumption in Hong Kong continued to decline and Ken On Concrete was unable to attain budget production level, which explained the disappointing results of both the concrete and quarrying divisions. This adverse trading environment appears to have stabilized.
- In 2000, annual sales of cement in Chongqing should exceed 830,000 tonnes. Further acquisitions are in progress and expansion to nearby Guizhou is under consideration to take advantage of the development of the central and western region in the Mainland.
- SOCAM.com, our website for online procurement and project management control systems, has been launched in early November. AsiaMaterials.com, an e-commerce trading arm of construction materials, will be launched in December.
- The market is fiercely competitive but, barring unforeseen circumstances, the Group expects to maintain reasonable results in the second half of the current financial year.



Results

The Directors of Shui On Construction and Materials Limited (the "Company") are pleased to announce that the Group's unaudited consolidated net profit after taxation and minority interests for the six months ended 30 September 2000 amounted to HK\$254 million, representing an increase of 10% compared with the same period of 1999. Earnings per share were HK\$0.97, an increase of 10% over the corresponding period last year.

This condensed interim financial statements have not been audited. The Group's unaudited condensed consolidated income statement, condensed consolidated cash flow statement and condensed consolidated statement of recognised gains and losses for the six months ended 30 September 2000 and the condensed consolidated balance sheet of the Group as at 30 September 2000, together with comparative figures in 1999/2000 are as follows:-

Condensed Consolidated Income Statement

	<i>Notes</i>	Six months ended 30 September	
		2000	1999
		(Unaudited)	
		<i>HK\$ million</i>	<i>HK\$ million</i>
Turnover	2	2,409	2,713
Other revenue		29	31
Changes in inventories of finished goods, work in progress and contract work in progress		(48)	(21)
Raw materials and consumables used		(399)	(431)
Staff costs		(274)	(264)
Depreciation and amortisation expenses		(35)	(34)
Subcontracting, external labour costs and other operating expenses		(1,388)	(1,729)
Profit from operations		294	265
Finance costs		(1)	-
Share of results of jointly controlled entities		14	18
Profit from ordinary activities before taxation	3	307	283
Taxation	4	(50)	(46)
Profit before minority interests		257	237
Minority interests		(3)	(7)
Profit attributable to shareholders		254	230
Dividends	5	(159)	(146)
Profit for the period, retained		95	84
Basic earnings per share	6	HK\$0.97	HK\$0.88
Diluted earnings per share	6	HK\$0.96	HK\$0.88
Interim dividend per share		HK\$0.60	HK\$0.55

**Condensed Consolidated Balance Sheet**

		As at 30 September 2000 (Unaudited) HK\$ million	As at 31 March 2000 (Audited) HK\$ million
	<i>Notes</i>		
Non-Current Assets			
Investment properties		130	130
Property, plant and equipment		261	254
Interests in jointly controlled entities		163	117
Investments in securities	7	184	19
Site establishment expenditure		17	13
		<u>755</u>	<u>533</u>
Current Assets			
Inventories		41	42
Properties under development for sale		2,204	1,656
Debtors, retentions and prepayments	8	884	854
Amounts due from customers for contract work		314	200
Amounts due from jointly controlled entities		163	123
Bank balances, deposits and cash		417	880
		<u>4,023</u>	<u>3,755</u>
Current Liabilities			
Creditors and accrued charges	9	1,196	1,145
Amounts due to customers for contract work		269	230
Amounts due to jointly controlled entities		43	61
Amounts due to related companies		1	-
Provision for taxation		107	73
Bank borrowings - due within one year	10	1,651	-
Proposed dividends		158	328
		<u>3,425</u>	<u>1,837</u>
Net Current Assets		<u>598</u>	<u>1,918</u>
Total Assets Less Current Liabilities		<u>1,353</u>	<u>2,451</u>
Capital and Reserves			
Share capital	11	263	262
Reserves	12	1,060	965
		<u>1,323</u>	<u>1,227</u>
Minority Interests		<u>24</u>	<u>24</u>
Non-Current Liabilities			
Bank borrowings	10	-	1,194
Deferred taxation		6	6
		<u>6</u>	<u>1,200</u>
		<u>1,353</u>	<u>2,451</u>

Condensed Consolidated Statement of Recognised Gains and Losses

	Six months ended 30 September	
	2000	1999
	(Unaudited)	
	<i>HK\$ million</i>	<i>HK\$ million</i>
Profit attributable to shareholders as recognised gains and losses	254	230
Goodwill arising from additional interests in a subsidiary and a jointly controlled entity	(4)	-
	<u>250</u>	<u>230</u>

Condensed Consolidated Cash Flow Statement*For the six months ended 30 September 2000*

	(Unaudited)
	HK\$ million
Net cash outflow from operating activities	(296)
Net cash outflow from returns on investments and servicing of finance	(329)
Tax paid	(13)
Net cash outflow from investing activities	(285)
Net cash outflow before financing	<u>(923)</u>
Net cash inflow from financing	460
Decrease in cash and cash equivalents	(463)
Cash and cash equivalents at 31 March 2000	<u>880</u>
Cash and cash equivalents at 30 September 2000	<u>417</u>
Analysis of the balance of cash and cash equivalents	
Bank balances, deposits and cash	<u>417</u>



Notes on the Unaudited Interim Financial Statements

(1) Principal Accounting Policies and Basis of Preparation

The principal accounting policies adopted for preparing the condensed interim financial statements are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2000. The condensed interim financial statements have also been prepared in accordance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants, except that no comparative figures have been presented for the condensed consolidated cash flow statement, as permitted by the Hong Kong Stock Exchange Listing Rules in the first year of implementation of this standard.

The condensed interim financial statements should be read in conjunction with the 1999/2000 audited financial statements.

(2) Segmental Information

The Group's turnover and contribution to profit from operation analysed by principal activity and geographical market, are as follows:

	Group turnover		Contribution to profit from operation	
	Six months ended 30 September		Six months ended 30 September	
	2000	1999	2000	1999
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
By principal activity:				
Construction and building maintenance	1,455	1,973	120	124
Sale of construction materials	324	445	20	72
Property development	623	290	148	65
Property investment	7	5	5	3
	<u>2,409</u>	<u>2,713</u>	<u>293</u>	<u>264</u>
Other income			<u>1</u>	<u>1</u>
			<u>294</u>	<u>265</u>
By geographical market:				
Hong Kong	2,375	2,649	291	261
Other regions in the People's Republic of China	34	64	2	3
	<u>2,409</u>	<u>2,713</u>	<u>293</u>	<u>264</u>
Other income			<u>1</u>	<u>1</u>
			<u>294</u>	<u>265</u>

(3) Profit from Ordinary Activities before Taxation

	Six months ended 30 September	
	2000	1999
	<i>HK\$ million</i>	<i>HK\$ million</i>
Profit from ordinary activities before taxation has been arrived at after charging:		
Depreciation and amortisation		
Owned assets	30	29
Assets held under finance lease	-	1
Site establishment expenditure	5	4
	<u>35</u>	<u>34</u>
Less: Amount capitalised to construction jobs	(1)	(1)
	<u>34</u>	<u>33</u>
Interest on bank loans and overdrafts	56	22
Less: Amount capitalised to properties under development for sale	(55)	(22)
	<u>1</u>	<u>-</u>

(4) Taxation

The charge comprises:

Company and subsidiaries		
Hong Kong profits tax	48	44
Jointly controlled entities		
Hong Kong profits tax	2	2
	<u>50</u>	<u>46</u>

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits for the period.

(5) Dividends

The Directors have declared an interim dividend of HK\$0.60 (1999: HK\$0.55) per share to shareholders whose names appear on the Company's register of members on Friday, 15 December 2000. The interim dividend will be paid on Thursday, 21 December 2000.

Interim dividends - HK\$0.60 per share on 263,304,000 shares (1999: HK\$0.55 per share on 261,764,000 shares)	158	144
Additional final dividend at HK\$1.25 per share on 954,000 shares for 1999/2000 (1999: additional final dividend at HK\$1.00 per share on 1,724,000 shares for 1998/1999) due to exercise of share options	1	2
	<u>159</u>	<u>146</u>

**(6) Earnings Per Share**

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

	Six months ended 30 September	
	2000	1999
	<i>HK\$ million</i>	<i>HK\$ million</i>
Earnings for the purposes of basic and diluted earnings per share	<u>254</u>	<u>230</u>
	<i>million</i>	<i>million</i>
Weighted average number of ordinary shares for the purposes of basic earnings per share	263	261
Effect of dilutive potential ordinary shares:		
Share options	<u>1</u>	<u>2</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>264</u>	<u>263</u>

(7) Investments in Securities

	As at	As at
	30 September	31 March
	2000	2000
	<i>HK\$ million</i>	<i>HK\$ million</i>
Other investments		
- equity securities, listed in Hong Kong	165	-
- equity securities, unlisted	<u>19</u>	<u>19</u>
	<u>184</u>	<u>19</u>

(8) Debtors, Retentions and Prepayments

Debtors (net of provisions for bad and doubtful debts) with aging analysis		
Current to 90 days	491	494
91 to 180 days	5	10
181 to 360 days	8	8
Over 360 days	<u>4</u>	<u>5</u>
	508	517
Retentions receivable	197	212
Prepayments, deposits and other receivables	<u>179</u>	<u>125</u>
	<u>884</u>	<u>854</u>

The Group has a defined credit policy. The general credit term ranged from 30 days to 90 days.

(9) Creditors and Accrued Charges

	As at 30 September 2000 <i>HK\$ million</i>	As at 31 March 2000 <i>HK\$ million</i>
Creditors with aging analysis		
Within 30 days	237	265
31 to 90 days	77	57
91 to 180 days	11	16
Over 180 days	9	5
	<u>334</u>	<u>343</u>
Retentions payable	233	220
Accruals and other payables	629	582
	<u>1,196</u>	<u>1,145</u>

(10) Bank Borrowings - Due Within One Year

Secured bank loan		
Balances reclassified as current liabilities from non-current liabilities	1,194	-
Loans drawn down during the period	452	-
	<u>1,646</u>	<u>-</u>
Unsecured bank loan	5	-
	<u>1,651</u>	<u>-</u>

**(11) Share Capital**

	<i>HK\$ million</i>
(a) Authorised 400,000,000 ordinary shares of HK\$1 each	400
(b) Issued and fully paid	
Balance at 31 March 2000	262
Share options exercised	1
Balance at 30 September 2000	263

(12) Reserves

	Property, plant and equipment revaluation reserve HK\$ million	Share premium account HK\$ million	Translation reserve HK\$ million	Contributed surplus HK\$ million	Capital reserve HK\$ million	Retained profits HK\$ million	Total HK\$ million
At 31 March 2000	36	522	-	197	-	210	965
Goodwill arising from additional interests in a subsidiary and a jointly controlled entity	-	-	-	-	-	(4)	(4)
Premium from shares issued	-	4	-	-	-	-	4
Profit for the period	-	-	-	-	-	254	254
Dividends	-	-	-	-	-	(159)	(159)
At 30 September 2000	36	526	-	197	-	301	1,060

(13) Contingent Liabilities and Pledge of Assets

At the balance sheet date, the Group had contingent liabilities not provided for in these financial statements and assets under pledge as follows:

	As at 30 September 2000 <i>HK\$ million</i>	As at 31 March 2000 <i>HK\$ million</i>
Contingent liabilities		
(a) Performance bonds	82	159
(b) Guarantees in lieu of deposits	2	2
 Pledge of assets		
Properties under development pledged as securities for bank loan	 2,204	 1,656

(14) Comparative Figures

Certain comparative figures have been reclassified to conform with the current presentation as required under SSAP1 (revised) "Preparation of financial statements".

(15) Capital Commitment

At the balance sheet date, the Group had contracted capital commitments in respect of the purchases of computer hardware and software, plant and equipment amounting to approximately HK\$12 million.

(16) Related Party Transactions

- (a) During the period, the Group had the following significant transactions with jointly controlled entities of the Group on terms similar to those applicable to transactions with unrelated parties.

Nature of transactions	HK\$ million
Income received:	
Interest income	2
Management fee	1
Costs and expenses paid:	
Construction/subcontracting work	69
Supplies of construction materials	89
 Interest receivable as at 30 September 2000	 2

- (b) During the period, the Group had received a contribution from a jointly controlled entity for a rehabilitation project amounting to HK\$4 million. The outstanding balance of this contribution receivable was HK\$12 million as at the balance sheet date.



Liquidity and Gearing Ratio

At 30 September 2000, outstanding bank borrowings as stated in note (10) of the above balance sheet included the drawdown amount of HK\$1,646 million of a project loan for the financing of the Private Sector Participation Scheme ("PSPS") project at Tseung Kwan O Town Lot No. 62, which is expected to be repaid following the completion of this project in early 2001.

At 30 September 2000, the gearing ratio of the Group, being the proportion of bank borrowings against shareholders' equity, was 1.25. Following the repayment of the PSPS project loan in early 2001 as aforementioned, the Group will practically be debt-free, other than amounts due under normal trade payables.

At 30 September 2000, the Group did not have any significant commitments and exposure in foreign currencies.

Reward of Employees

At 30 September 2000, the number of salaried staff of the Group was approximately 1,300 in Hong Kong and 3,100 in subsidiaries and jointly controlled entities in the Chinese Mainland. Staff bonus is distributable based on the performance of the respective companies and the employees concerned. Share options are granted annually by the Board of Directors to senior management staff members as appropriate.

Disclosure under Practice Note 19 to the Listing Rules

An indirect wholly-owned subsidiary of the Company has entered into a loan agreement for the financing of the development of the Private Sector Participation Scheme ("PSPS") project in Tseung Kwan O Town Lot No. 62 which requires Mr. Lo Hong Sui, Vincent and his associates (as defined in the Listing Rules) to retain beneficially in aggregate an attributable interest in more than 50% of the issued share capital of the Company as well as that of the relevant subsidiary throughout the tenure of the loan agreement. The total amount of this project loan is HK\$2,265 million and the repayment date is the earlier of 31 August 2001 and the date falling six months after the date of issue of the certificate of compliance by the Director of Lands for the PSPS development.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 11 December 2000 to Friday, 15 December 2000, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Standard Registrars Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on Friday, 8 December 2000.

Business Review

The Group's turnover for the six months ended 30 September 2000 was HK\$2,409 million, a decrease of 11% compared with the same period in 1999. Unaudited consolidated profit after taxation and minority interests was HK\$254 million, an increase of 10%.

Construction Division

During the period, four contracts, comprising 2,700 residential units and with a value of approximately HK\$2,530 million, were promptly completed and handed over to the Housing Society and Housing Authority. These included the Sandwich Class Housing Development in Ma On Shan, Ma Hang Village Phase 3, Tseung Kwan O Area 34/44 Phase 3 and Ma On Shan Area 77 Phase 2.

The division continued to engage in another sixteen projects during the period, including the design and build contract of government departmental quarters in Kwun Tong. The Private Sector Participation Scheme project in Tseung Kwan O Town Lot No. 62 is progressing well and is expected to be completed in early 2001. It is likely that the Housing Authority will commence the marketing of the 3,200 residential units shortly after the new year.

The recent announcement by the Housing Authority to place stronger emphasis on the performance of the contractors in awarding contracts means that the Division's consistent effort in providing high quality work and maintaining a good safety record should turn into more business opportunities. The Housing Authority's plan to form long-term strategic partnership with the best contractors should further enhance the standard of public housing work and our future market share.

The gross and outstanding values of construction contracts on hand were HK\$11.9 billion and HK\$6.6 billion respectively, and contracts with a value of \$1.8 billion are expected to be awarded in the near future.

Construction Materials Division

The continued slowdown of building activities in the private residential sector and the delay of large-scale infrastructure projects has a substantial effect on the concrete market in Hong Kong. Concrete consumption continued to decline and it now appears that total volume in the year 2000 would be less than 8.5 million cubic metres, compared with the peak of around 11 million cubic metres in 1997. Despite Ken On having been able to maintain its market share, sales have decreased by 28% and production was therefore unable to attain budget production level, which explains the disappointing results of both the concrete and quarrying divisions. However, this adverse trading environment appears to have stabilized.

The rehabilitation of the Lamma quarry continued after the termination of production in March 2000. The site formation contract in Guishan Island commenced during the period and crushed rocks produced as by-products for this contract have started to serve as a steady supply source for Ken On.

The cement joint venture in Chongqing had a busy production schedule with sales in 2000 expecting to exceed 830,000 tonnes. Reasonable margins are expected to be maintained amid a competitive market.

TH Cement has also finalized the joint venture agreement to acquire a 60% holding in a cement factory in Zun Yi city in Guizhou Province, with a capacity of 300,000 tonnes per annum. With possible expansion to 1.6 million tonnes, this new joint venture would lay the foundation for further expansion of our cement operation in Guizhou.

The plan to supply cement from our Nanjing cement joint venture to Ken On's Hong Kong and Chinese Mainland operations as well as export to Australia is gradually taking shape. The Nanjing operation is expected to maintain a full production schedule in the current year.



Prospects

The government's long-term public housing programme involves improving the standard of housing and shortening applicants' waiting time for allocation of rental units to three years by around 2003. The much more stringent standard adopted in the award of tenders and selection of contractors as aforementioned should benefit the Group, as we have in the past demonstrated our strong commitment and dedication to quality and safety standards.

The Architectural Services Department have plans in the pipeline for the construction of a substantial number of schools, the redevelopment and extension to hospitals, recreational complexes and the science park which should provide further tendering opportunities for the Group.

With the opening up of the Central and Western Provinces on the Chinese Mainland, together with the strong foothold established through our joint venture in Chongqing, the Group is in the process of formulating plans for substantial expansion in the cement industry.

Progress of SOCAM.com, our website for online procurement and project management control, is on schedule and the launch in November 2000 will be the first step to secure savings in operations and enhance efficiency. AsiaMaterials.com, our e-commerce trading arm established to tap the vast construction materials markets both in the Mainland and overseas, will also be launched in December.

With our core businesses firmly established in Hong Kong, the Group will actively capitalize on our long established records and experience in the Chinese Mainland and capture the abundant opportunities which will emerge following the accession of China into the World Trade Organization.

The market is fiercely competitive but, barring unforeseen circumstances, the Group expects to maintain reasonable results in the second half of the current financial year.

Directors' Interests in Shares

As at 30 September 2000, the interests of the Directors in the share capital of the Company and its associated corporations as recorded in the register maintained under section 29 of the Securities (Disclosure of interests) Ordinance (the "SDI Ordinance") were as follows:

Name of Director	Number of ordinary shares	
	Personal interests	Other interests
Lo Hong Sui, Vincent	-	168,320,000
Wong Yuet Leung, Frankie	387,000	-
Choi Yuk Keung, Lawrence	1,513,000	-
Wong Hak Wood, Louis	378,000	-
Wong Fook Lam, Raymond	266,000	-
Lowe Hoh Wai Wan, Vivien	192,000	-

Save as disclosed above, as at 30 September 2000, there was no other interest recorded in the register required to be kept under section 29 of the SDI Ordinance.

Note: The 166,148,000 shares and 2,172,000 shares in the capital of the Company are respectively held by Shui On Company Limited and Shui On Finance Company Limited which is an indirect wholly-owned subsidiary of Shui On Company Limited. Shui On Company Limited is owned by the Bosrich Unit Trust. The units of the unit trust are the property of a discretionary trust of which Mr. Lo Hong Sui, Vincent is a discretionary beneficiary. Accordingly, Mr. Lo Hong Sui, Vincent is deemed to be interested in such shares.



As at 30 September 2000, the Directors had personal interests in share options granted under the Company's employee share option scheme as follows:

Name of Director	Number of shares to be subscribed under share options	Date Granted	Period during which share options are exercisable	Subscription price per share (HK\$)
Wong Yuet Leung, Frankie	80,000	25 July 1997	25 July 2001 - 24 July 2002	7.50
	48,000	15 July 1998	15 July 2001 - 14 July 2003	4.14
	200,000	7 July 1999	7 January 2000 - 6 July 2004	11.21
	200,000	4 July 2000	4 January 2001 - 3 July 2005	9.56
Choi Yuk Keung, Lawrence	80,000	25 July 1997	25 July 2001 - 24 July 2002	7.50
	88,000	15 July 1998	15 July 2001 - 14 July 2003	4.14
	280,000	7 July 1999	7 January 2000 - 6 July 2004	11.21
	350,000	4 July 2000	4 January 2001 - 3 July 2005	9.56
Wong Hak Wood, Louis	112,000	25 July 1997	25 July 2001 - 24 July 2002	7.50
	60,000	15 July 1998	15 July 2001 - 14 July 2003	4.14
	250,000	7 July 1999	7 January 2000 - 6 July 2004	11.21
	280,000	4 July 2000	4 January 2001 - 3 July 2005	9.56
Wong Fook Lam, Raymond	56,000	25 July 1997	25 July 2001 - 24 July 2002	7.50
	48,000	15 July 1998	15 July 2001 - 14 July 2003	4.14
	150,000	7 July 1999	7 January 2000 - 6 July 2004	11.21
	160,000	4 July 2000	4 January 2001 - 3 July 2005	9.56
Lowe Hoh Wai Wan, Vivien	80,000	25 July 1997	25 July 2000 - 24 July 2002	7.50
	48,000	15 July 1998	15 July 2001 - 14 July 2003	4.14
	150,000	7 July 1999	7 January 2000 - 6 July 2004	11.21
	160,000	4 July 2000	4 January 2001 - 3 July 2005	9.56

Consideration paid for each grant was HK\$1.00.

During the six months ended 30 September 2000, the following Directors had exercised share options to subscribe for shares of the Company.

Name of Director	Number of shares subscribed under share options	Subscription price per share (HK\$)
Wong Yuet Leung, Frankie	80,000	7.50
	24,000	4.14
Choi Yuk Keung, Lawrence	80,000	7.50
	44,000	4.14
Wong Hak Wood, Louis	56,000	7.50
	30,000	4.14
Wong Fook Lam, Raymond	56,000	7.50
	24,000	4.14
Low Hoi Wai Wan, Vivien	24,000	4.14

Apart from the above, during the six months ended 30 September 2000, none of the Directors or the chief executive of the Company or their spouses or children under the age of 18 were granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations.



Substantial Shareholders

Other than the interests disclosed under the section headed "Directors' Interests in Shares", the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance disclosed that there is no person having an interest in ten per cent. or more of the issued share capital of the Company as at 30 September 2000.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2000.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the interim financial statements which have not been audited.

Code of Best Practice

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not at any time during the six months ended 30 September 2000, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company's Bye-laws.

Lo Hong Sui, Vincent
Chairman

Hong Kong, November 2000