首長國際企業有限公司
SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2001

The board of directors (the "Board") of Shougang Concord International Enterprises Company Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2001 with comparative figures for the year ended 31 December 2000 are as follows:

	Notes	**2001** ***HK$'000***	2000 *HK$'000* (Restated)
TURNOVER	(2)	**1,942,269**	2,211,873
Cost of sales		**(1,833,176)**	(2,143,152)
Gross profit		**109,093**	68,721
Other revenue and gains, net		**34,158**	33,769
Distribution costs		**(12,376)**	(14,666)
Administrative expenses		**(191,406)**	(177,550)
Other operating expenses, net		**(129,002)**	(102,351)
Impairment of goodwill		**(333,053)**	(71,980)
Impairment of fixed assets		**(169,674)**	(495)
LOSS FROM OPERATING ACTIVITIES	(2) & (3)	**(692,260)**	(264,552)
Finance costs		**(69,800)**	(68,422)
Share of profits and losses of:			
Jointly-controlled entities		**2,370**	11,732
Associates		**(20,502)**	6,867
LOSS BEFORE TAX		**(780,192)**	(314,375)
Tax	(4)	**(4,993)**	(3,852)
LOSS BEFORE MINORITY INTERESTS		**(785,185)**	(318,227)
Minority interests		**177,807**	59,825
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**(607,378)**	(258,402)
TRANSFER TO RESERVES	(5)	**90**	635
LOSS PER SHARE – BASIC	(6)	**(HK28.9 cents)**	(HK13.6 cents)

Notes:

(1) IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

The following recently-issued and revised SSAPs and related Interpretations are effective for the first time for the current year's financial statements:

- SSAP 9 (Revised): "Events after the balance sheet date"
- SSAP 14 (Revised): "Leases"
- SSAP 18 (Revised): "Revenue"
- SSAP 26: "Segment reporting"
- SSAP 28: "Provisions, contingent liabilities and contingent assets"
- SSAP 29: "Intangible assets"
- SSAP 30: "Business combinations"
- SSAP 31: "Impairment of assets"
- SSAP 32: "Consolidated financial statements and accounting for investments in subsidiaries"
- Interpretation 12: "Business combinations – subsequent adjustment of fair values and goodwill initially reported"
- Interpretation 13: "Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

These SSAPs and Interpretations prescribe new accounting measurement and disclosure practices. Among these SSAPs, the adoption of SSAP 30 and SSAP 31 have caused the most significant impact on the financial statements, which are summarised below.

SSAP 30 was adopted during the year. The Group has adopted the transitional provisions of SSAP 30 which permit goodwill and negative goodwill in respect of acquisitions which occurred prior to 1 January 2001, to remain eliminated against or credited to the capital reserve, respectively. However, due to the adoption of SSAP 31, the Group has adopted a policy to assess goodwill eliminated against the capital reserve for impairment. As a result, the Group has recognised impairments in respect of goodwill of HK$675,749,000 and HK$355,213,000 in respect of the Group's acquisitions of subsidiaries and associates in prior years, respectively. This change of accounting policy has been accounted for retrospectively as a prior year adjustment. Accordingly, the cumulative effect on prior years was to increase the Group's accumulated losses and capital reserve at 1 January 2000 by HK$958,982,000 and increase the net loss from ordinary activities attributable to shareholders for the year ended 31 December 2000 and capital reserve at 31 December 2000 by HK$71,980,000 and HK$1,030,962,000, respectively.

In addition to the above, one of the Group's associates has also recorded a prior year adjustment in respect of the impairment of goodwill eliminated against reserves in prior years. The Group's share of the associate's prior year adjustment was to recognise an aggregate impairment loss of HK$3,161,000 previously eliminated to the extent of HK$1,682,000 and HK$1,479,000 against the capital reserve and retained profits, respectively. The cumulative effect on prior years was to increase the capital reserve and accumulated losses at 1 January 2000 by HK$1,682,000.

Taking into account the associates' prior year adjustment detailed above, in restating the financial statements for 2000, on the basis of the new accounting policies, the total cumulative effect on prior years was to increase the capital reserve and accumulated losses at 1 January 2000 by HK$960,664,000. The net loss from ordinary activities attributable to shareholders for the year ended 31 December 2000 and the capital reserve at 31 December 2000 were increased by HK$71,980,000 and HK$1,032,644,000, respectively.

(2) SEGMENT INFORMATION

The following tables present turnover and profit/(loss) information for the Group's business segments and geographical segments:

(a) Business segments

	2001		2000	
	Segment turnover *HK$'000*	**Segment results** *HK$'000*	Segment turnover *HK$'000*	Segment results *HK$'000* (Restated)
Steel manufacturing	**1,447,620**	**(283,372)**	1,564,594	(213,087)
Steel trading	**90,828**	**(329)**	227,135	(23,520)
Kitchen and laundry equipment	**79,953**	**(1,544)**	70,130	(11,056)
Shipping	**299,740**	**(24,001)**	325,863	(8,144)
Property investment and management	**22,028**	**(274,308)**	21,937	(2,149)
Corporate and others/eliminations	**2,100**	**(117,235)**	2,214	(10,895)
	1,942,269	**(700,789)**	2,211,873	(268,851)

	2001	2000
Unallocated revenue and gains	**8,727**	6,358
Unallocated expenses	**(198)**	(2,059)
Loss from operating activities	**(692,260)**	(264,552)

(b) Geographical segments

	2001 Segment turnover HK$'000	2001 Segment results HK$'000	2000 Segment turnover HK$'000	2000 Segment results HK$'000 (Restated)
The People's Republic of China (the "PRC"):				
Hong Kong SAR	**367,958**	**(308,186)**	380,504	(46,804)
Elsewhere	**1,509,996**	**(276,255)**	1,551,176	(190,381)
Corporate and others/eliminations	**64,315**	**(116,348)**	280,193	(31,666)
	1,942,269	**(700,789)**	2,211,873	(268,851)
Unallocated revenue and gains		**8,727**		6,358
Unallocated expenses		**(198)**		(2,059)
Loss from operating activities		**(692,260)**		(264,552)

(3) LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	2001 *HK$'000*	2000 *HK$'000*
Cost of inventories sold	**1,472,831**	1,750,893
Depreciation	**115,240**	115,325
Amortisation of intangible assets	**1,630**	764
Impairment of goodwill	**333,053**	71,980
Loss on disposal of land and buildings	**79**	3,798
Loss on disposal of long term investments	**6**	–
Loss/(gain) on disposal of short term investments, net	**(1,077)**	203
Loss/(gain) on disposal of an investment property	**358**	(1,000)
Loss on disposal of a subsidiary	**4,808**	–
Loss/(gain) on changes in fair values of short term investments, net	**(307)**	1,288
Impairment of land and buildings	**17,174**	495
Impairment of other fixed assets	**152,500**	–
Revaluation deficit on investment properties	**32,188**	7,925
Provisions for bad debts	**68,599**	56,830
Provision against a loan to an associate	**18,332**	6,000
Provision against an amount due from an associate	**3,589**	–
Interest income	**(7,102)**	(5,580)
Dividend income from listed investments	**(49)**	(210)

(4) TAX

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2001 *HK$'000*	2000 *HK$'000*
Provisions for tax in respect of assessable profits for the year:		
Hong Kong	**700**	449
Elsewhere	**1,811**	23
Overprovision in prior years	**(162)**	(1,382)
Deferred tax	**(186)**	(297)
	2,163	(1,207)
Share of tax attributable to:		
Jointly-controlled entities	**1,346**	2,783
Associates	**1,484**	2,276

	2,830	5,059
Tax charge for the year	**4,993**	3,852

(5) TRANSFER TO RESERVES

In accordance with the financial regulations applicable in Mainland China, subsidiaries, associates and other joint ventures in Mainland China are required to transfer part of their profits after tax to the enterprise expansion fund and the statutory reserve fund, which are non-distributable, before profit distributions to joint venture partners. The quanta of the transfers are subject to the approval of the board of directors of these subsidiaries, associates, joint ventures in accordance with their respective joint venture agreements.

(6) LOSS PER SHARE

The calculation of basic loss per share is based on net loss from ordinary activities attributable to shareholders for the year of HK$607,378,000 (2000: HK$258,402,000) and the weighted average of 2,099,044,550 (2000: 1,895,855,675) ordinary shares in issue during the year.

The diluted loss per share for the years ended 31 December 2001 and 2000 is not shown as there were no dilutive effects on the basic loss per share. The 8% convertible bonds had an anti-dilutive effect on the basic loss per share, and the outstanding share options of the Company would not result in the issue of ordinary shares for less than the fair value as their exercise price was above the average market price of the Company's shares during the two years.

FINAL DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year (2000: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the year ended 31 December 2001, the Group incurred a loss attributable to shareholders of HK$607.4 million, representing an increase in loss of HK$349.0 million from a loss of HK$258.4 million for the last year. This substantial increase in loss was mainly due to the huge increase in the amounts of impairment of goodwill and impairment of fixed assets for the year. Impairment of goodwill increased by HK$261.1 million, from HK$72.0 million in 2000 to HK$333.1 million in 2001. Impairment of fixed assets for the year amounted to HK$169.7 million, against HK$0.5 million for 2000.

These impairment losses were made in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 30 "Business combinations" and 31 "Impairment of assets" issued by the Hong Kong Society of Accountants. In essence, the management considered it appropriate to account for the losses for impairment of assets, so that the reported financial statements could accurately reflect the underlying assets and financial position of the Group.

The recognition of impairment of goodwill and impairment of fixed assets had caused the basic loss per share for the year to increase to HK28.9 cents, from a basic loss of HK13.6 cents per share for last year. However, impairment of goodwill did not have any effect on the Group's net asset values for both 2001 and 2000 because goodwill arising on consolidation had already been eliminated against reserves in previous years. The charges to the Profit and Loss Accounts for 2001 and 2000 for impairment of goodwill were matched by reversal in the reserves. As at 31 December 2001, net assets of the Group was HK$0.30 per share, showing a decline of HK$0.12 per share from HK$0.42 per share as at last year end.

Trading of steel products, and manufacture and sale of kitchen and laundry equipment

Shougang Concord Steel Holdings Limited and its subsidiaries ("Shougang Steel Group") recorded a turnover of HK$170.8 million for year ended 31 December 2001, representing a decrease of HK$126.5 million or 42.5% from that of last year. This significant drop in turnover was mainly attributable to the contraction of sales volume in its steel trading business, driven by extremely weak conditions in the South East Asian markets. Sales volume of steel products declined from 152,000 metric tonnes in 2000 to 55,000 metric tonnes in 2001. In view of the declining turnover, the management of Shougang Steel Group tightened cost control measures and refined the processes of credit control and debt collection. As a result of these proactive managerial actions, Shougang Steel Group achieved a profit of HK$0.8 million for 2001, against a loss of HK$30.6 million for last year. This turnaround in profitability was mainly due to improvement in cost controls and the write back of provisions for doubtful debts that were recovered in the year.

Shipping

Shougang Concord Shipping Holdings Limited and its subsidiaries ("Shougang Shipping Group") reported a decline in turnover of HK$26.2 million or 8.0% for the year, from HK$325.9 million in 2000 to HK$299.7 million in 2001. The global economic downturn had a substantial negative impact on the market freight rates, which started to fall at accelerated speed since August 2001. The time charter business was most hard hit and registered a significant shrinkage in operating revenue, resulting in an apparent increase in loss over the year. Hampered by the poor performance of the time charter business, Shougang Shipping Group suffered a loss attributable to shareholders of HK$23.5 million for the year ended 31 December 2001. It represented an increase in loss by HK$13.2 million over last year's reported loss of HK10.3 million. As it is expected that market freight rates will remain depressed in the near future, the management will increase efforts in rates negotiation and cost control.

Manufacture and sale of steel products

Firstlevel Holdings Limited and its subsidiaries ("Firstlevel Group") also experienced a contraction in turnover for the year. Its sales amount decreased by HK$117.0 million, from HK$1,564.6 million in 2000 to HK$1,447.6 million in 2001. Sales volume fell by 7.2%, where approximately 635,000 metric tonnes of steel products were sold during the year. In a year of keen competition and industry consolidation, market conditions in the PRC steel markets further deteriorated in the second half of 2001 due to over supply of steel products by the manufacturers in relation to the sluggish demand. To encounter the impinge, Firstlevel Group continued its strategy in adjusting its product mix to accommodate more high yielding products, while implementing more stringent cost control measures. These attempts to minimise operating loss were successful as Firstlevel Group's loss for the year, before accounting for impairment loss, amounted to HK$143.3 million. This represented an improvement of HK$14.2 million or 9.0% when compared with the corresponding loss of HK$157.6 million for 2000. However, by adoption of SSAP 30 "Business combinations" and SSAP 31 "Impairment of assets", impairment losses amounting to HK$169.7 million and HK$72.0 million were charged against fixed assets in 2001 and for goodwill in 2000, respectively. After deducting minority interests, the attributable loss to the Group for the year ended 31 December 2001 was HK$169.5 million, showing a marginal increase from last year's level of HK$168.7 million.

Property investment, management and developments

During the year, Shougang Concord Grand (Group) Limited and its subsidiaries ("Shougang Grand Group") operated under a highly competitive environment in view of the persistent poor market sentiment in the local property market. In terms of performance, 2001 was a year of disappointment for Shougang Grand Group, which registered a loss of HK$72.8 million, against a profit of HK$4.4 million in 2000. The significant decrease in profit in 2001 was mainly attributed to three main factors. Firstly, it was due to the increase in provisions for bad debts by HK$17.1 million, from HK$6.0 million in 2000 to HK$23.1 million in 2001. Secondly, a deficit on revaluation of investment properties of HK$22.4 million was charged to the Profit and Loss Account this year. The third main reason for Shougang Grand Group's deterioration in profit was due to the poor performance of its associate, Shougang Concord Technology Holdings Limited and its subsidiaries ("Shougang Technology Group"), which encountered fierce market competition that impaired profit and incurred a substantial loss for the disposal of a subsidiary during the year. Of the loss incurred by Shougang Technology Group for the year ended 31 December 2001, HK$28.6 million was attributable to Shougang Grand Group. Comparing to the performance for last year, the lost in contribution by Shougang Technology Group to Shougang Grand Group amounted to HK$30.3 million in 2001.

The Group's share of the loss incurred by Shougang Grand Group for the year ended 31 December 2001 was HK$50.0 million. In view of the decline in value of the Group's investment in Shougang Grand Group and Shougang Technology Group, the Group adopted SSAP 30 and SSAP 31 in the year to write off the goodwill arising on consolidation in relation to Shougang Grand Group and Shougang Technology Group in the sum of HK$333.1 million. During the year, the Board carried out in-depth studies to evaluate the Group's investment in Shougang Grand Group.

Manufacture and sale of metallic products and trading of copper and brass products

Shougang Concord Century Holdings Limited and its subsidiaries ("Shougang Century Group") marked another year of success in performance. For the year ended 31 December 2001 its turnover increased by 10.7% to HK$187.1 million. The growth rate in turnover was actually 31.4% for its continuing operations, when those operations that had been discontinued in 2000 were excluded. Net profit attributable to shareholders for the year amounted to HK$20.1 million, an increase of 3.2 times when compared with HK$4.7 million achieved in 2000. The surged growth in turnover and profit were mainly derived from Shougang Century Group's core business of manufacture and sale of steel cord, where improved technical standard, better product quality, economies of scale from increased sales volume, enhanced productivity and improved sales management were key drivers to push profitability upwards.

Manufacture and sale of electrical, electronic and telecommunication products

Shougang Concord Technology Holdings Limited and its subsidiaries ("Shougang Technology Group") incurred a loss of HK$62.7 million for the year ended 31 December 2001, representing an increase in loss of HK$44.0 million over that of 2000. During the year, Shougang Technology Group encountered fierce competition in its main market segments, which was intensified after the 911 tragedy in the United States with apparent decrease in the demand of consumer products including telecommunication and computer equipment. These unfavourable factors had impaired Shougang Technology Group's performance, which was further worsened by the loss on disposal of a subsidiary of HK$19.6 million during the year.

Liquidity and financial resources

The Group mainly financed its operations by cash generated from its business activities and banking facilities provided by its bankers. In order to improve its financial position, the Company generated net proceeds of approximately HK$89.4 million during the year for the placing and subscription of its ordinary shares, further details of which are described under the paragraph of "Capital structure" below.

The Group had aggregate banking facilities of HK$164.8 million with banking institutions in Hong Kong and RMB411.7 million with banking institutions in the PRC as at 31 December 2001. These banking facilities were utilised to the extent of HK$114.5 million and RMB385.3 million respectively. The banking facilities in Hong Kong were secured by certain properties of HK$246.7 million, a cash deposit of HK$3.0 million and certain shares in a Hong Kong listed subsidiary with an aggregate market value of HK$31.2 million as at 31 December 2001. The banking facilities in the PRC were secured by certain plant and machinery with an aggregate net book value of RMB430.7 million, cash deposits of RMB7.9 million and corporate guarantees from Shougang Corporation of RMB324.6 million. There were no material changes in respect of the Group's banking facilities, their utilisation and values of assets pledged as securities as at 31 December 2001 when compared with those as at last year end.

As at 31 December 2001, the Group's financial position remained at a comfortable level. The Group's current assets as at the current year end amounted to HK$970.2 million, showing a slide of HK$143.7 million from last year end's level of HK$1,113.9 million. However, included therein were the Group's cash and cash equivalents, which only decreased by HK$38.5 million, from HK$229.6 million as at 31 December 2000 to HK$191.1 million as at 31 December 2001. In contrast, the Group's current liabilities decreased from HK$1,438.5 million to HK$ 1,206.1 million, representing a decline of HK$232.4 million for the year. The Group's short term interest-bearing borrowings as included in the current liabilities amounted to HK$288.7 million, which recorded a decrease of HK$135.6 million for the year. The Group's current ratio (current assets divided by current liabilities) improved to 0.80 times as at 31 December 2001, from 0.77 times as at last year end. The Group's gearing ratio (total debts divided by equity) as at the current year end stood at 2.62 times, which was quite similar to that of last year end. During the year, the Group had no significant exposure to foreign exchange fluctuations and therefore no hedging arrangements were made in this aspect.

Capital structure

On 12 June 2001, arrangements were made by the Company and CEF Capital Limited, the placing agent, for the private placement by Jasmine Group Limited, a wholly-owned subsidiary of Shougang Holding (Hong Kong) Limited ("Shougang HK") which is the controlling shareholder of the Company, of an aggregate of 200,000,000 existing ordinary shares of the Company at HK$0.46 per share to independent investors. On the same date, Jasmine Group Limited also entered into an agreement with the Company to subscribe for 200,000,000 new ordinary shares of the Company at a price of HK$0.46 per share. All expenses relating to the placing were deducted from the aggregate consideration received by the Company under the subscription. The resultant net proceeds of approximately HK$89.4 million was mainly used by the Company to repay part of its existing convertible bonds at the maturity date on 12 November 2001.

During the year, convertible bonds with an aggregate principal amount of HK$75,882,200 were converted into ordinary shares of the Company at a conversion price of HK$0.38 per share, resulting in the issue of 199,690,000 ordinary shares of HK$0.20 each in the Company, credited as fully paid. Included therein were conversions by the respective wholly-owned subsidiaries of Shougang HK and Cheung Kong (Holdings) Limited ("Cheung Kong"), a substantial shareholder of the Company, of HK$58,900,000 and HK$15,200,000 respectively, into 155,000,000 and 40,000,000 ordinary shares of the Company. Accordingly, the principal amount of the convertible bonds had been reduced from HK$294.4 million as at 31 December 2000 to HK$218.5 million, which was then wholly redeemed at 110% of their principal amount by the Company at the maturity date on 12 November 2001.

As a result of the aforesaid shares subscription and bond conversion events, the issued share capital of the Company was increased by HK$79.9 million, from HK$379.2 million as at last year end to HK$459.1 million as at 31 December 2001.

Contingent liabilities

The contingent liabilities of the Group, being guarantees in respect of performance bonds, increased from HK$2.4 million as at 31 December 2000 to HK$3.5 million as at 31 December 2001.

Employees and remuneration policies

The Group had a total of approximately 4,500 employees as at 31 December 2001.

The remuneration policies of the Group are to ensure the fairness and competitiveness of total remuneration in order to motivate and retain existing employees as well as to attract potential employees. Remuneration packages are structured in a way that takes into account local practices under various geographical locations in which the Group operates.

The remuneration packages of Hong Kong employees include salary payments, medical subsidies, a hospitalisation scheme and discretionary bonuses awarded on a performance basis. All of the subsidiaries of the Group located in Hong Kong provide pension schemes for their employees in Hong Kong as part of their staff benefits. The remuneration packages of certain employees in the PRC include salary payments, discretionary bonuses on a performance basis, a welfare fund and medical subsidies as part of their staff benefits.

Group Reorganisation after the balance sheet date

On 12 April 2002, the Company announced a conditional Group Reorganisation which, in summary, involved the following:

1. Issue of convertible note by a wholly-owned subsidiary of the Company to a wholly-owned subsidiary of Shougang HK with a principal amount of HK$200 million to repay part of the existing loans due by the Company to a wholly-owned subsidiary of Shougang HK.

2. Acquisition of a 51% interest in a power plant in the PRC by a wholly-owned subsidiary of the Company from Shougang Corporation for a consideration of HK$198.2 million.

3. Disposal of a 50% interest in each of the three joint ventures in the PRC by certain wholly-owned subsidiaries of the Company, in the proportion of 40% to Shougang Corporation for a consideration of HK$81.5 million and 10% to a wholly-owned subsidiary of Shougang HK for a consideration of HK$20.4 million, respectively.

4. Disposal of the Company's 63.05% shareholdings in Shougang Concord Grand (Group) Limited, in the proportion of 52.00% to a wholly-owned subsidiary of Shougang HK for a consideration of HK$142.1 million and 11.05% to a wholly-owned subsidiary of Cheung Kong for a consideration of HK$30.2 million, respectively.

The Board believes that the Group Reorganisation is an integral element to streamline the corporate structure of the Group and the terms and conditions of which are determined after arm's length negotiations between relevant parties. The Board, including the independent non-executive Directors, believes that such terms and conditions are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole. Further details of the Group Reorganisation were contained in the press announcement published on 15 April 2002. A circular, containing further information of the Group Reorganisation and the notice to convene the extraordinary general meeting of the Company, will be dispatched to the shareholders as soon as practicable.

Prospects

The 911 tragedy in the United States had caused a detrimental effect to the global economies which were featured by general decline in consumer spending and weak investment sentiment. However, recent phenomenon suggests that the economy of the United States is on the way to recovery. When this is materialized, the global economies should be in better shapes. Although the Group's principal business activities are conducted in the PRC and Hong Kong, it will nonetheless be benefited by this situation. Moreover, the strong economic growth of the PRC and its accession to the World Trade Organisation will create more business opportunities for the Group. The Group Reorganisation that took place recently has formed a valid foundation for the future development of the Group's activities. It is therefore expected that, barring unforeseen circumstances, a marked improvement in the Group's performance will be achieved in the forthcoming year.

PUBLICATION OF RESULTS ON THE WEBSITE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.shougang-intl.com.hk) in due course.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
Cao Zhong
Managing Director

Hong Kong, 22 April 2002

Please also refer to the published version of this announcement in the Hong Kong iMail.