



Mr. Wei Jiafu  
Chairman

Position properties as the principal business  
Develop business in ship trading  
and supplying services  
Consolidate existing businesses  
Constitute a strong conglomerate



PSPS Project at Shum Wan Road, Hong Kong – Broadview Court

## Results

World economy in 2001 changed dramatically. The powerhouses of Japan and European Union all slid downhill. The September 11 events in the United States and the resultant warfare in Afghanistan had caused ripples in the global political and economic arenas - in spite of that, the Company together with its subsidiaries (the "Group") still managed to keep thriving in this most difficult time.

For the year ended 31st December, 2001, the turnover of the Group was HK\$1,844,845,000, representing an increase of approximately 25% as compared with last year. However, overall gross profit dropped by 26% to HK\$133,255,000 which was mainly due to the gross profit margin of Broadview Court, a

Private Sector Participation Scheme ("PSPS") project, which is much lower than other business segments of the Group.

According to the Statements of Standard Accounting Practice and the existing revaluation principle, a provision of HK\$181,800,000 in aggregate was made during the year to reflect the fair value of assets and certain investments of the Group under the current market condition. Excluding these provisions, the Group achieved an operating profit of HK\$74,836,000, a decrease by HK\$37,061,000 from the previous year. The operating profit from property development, before provisions, increased fourfold from the previous year, attributing to the sale of the residential units of Broadview Court in Hong Kong and Fragrant Garden in Shanghai.

The board of directors of the Company (the "Board") does not recommend the payment of a final dividend (2000: Nil) for the year ended 31st December, 2001.

## Major Developments

During the year, the residential units of Phase I Zone I of Fragrant Garden, the property development project of the Old City Redevelopment Program developed by the Group and the Shanghai Hongkou District Government, were essentially sold out and subsequently completed for occupancy in June 2001. The Phase I Zone II was also put on pre-sale in the same month. In addition, two real estate development projects in Beijing, the Ocean Prospect and the Shenghuayuan Phase II, were underway.

## CHAIRMAN'S STATEMENT

During the year under review, all the flats of Broadview Court at Shum Wan Road, Hong Kong, were sold and delivered to owners by the end of 2001. Apart from government construction projects, Shun Shing Construction & Engineering Company, Limited ("SSCE"), a subsidiary of the Company, won a tender for a private residential construction project in To Kwa Wan, Hong Kong.

Hong Kong economy was slackened by the economic decline round the world, however, the Group has been working hard and seizing every business opportunity. Feasibility studies on various investment plans were conducted that will bring forth new impetus growth of the Group and provide a good development platform for the future growth.

### Prospects

China economy has been going strong in the midst of global economic downturn. In 2001, China convened the Asia Pacific Economic Cooperation Meeting, and by the end of the year, gained accession to the World Trade Organisation ("WTO"). China's accession to the WTO no doubt brings forth unprecedented opportunities and thereby benefits Hong Kong economy and creates a better business environment for Hong Kong.

Beijing had successfully bid for the hosting of the 2008 Olympic Games. In the years to come, the Central Government will spend substantial amounts of money and resources in developing the infrastructure, real estate, and other facilities in the city. We believe that the Group will benefit from the business prospects out there.

2002 will be a year of opportunities and challenges, hope and hardship. To face the challenges, we must take advantage of the environment in Mainland China, and capitalise on our proven experience and expertise. The Group will position properties as its principal business, as well as consolidate and develop the existing businesses. Also, the Group will actively explore the business in ship trading and supplying services that related to

the core businesses of its ultimate holding company, China Ocean Shipping (Group) Company ("COSCO"), to become a major conglomerate of the COSCO group.

### Appreciation

On behalf of the Board, I would like to take the opportunity to extend my sincere thanks to all our business partners, bankers, clients, suppliers, and shareholders for their support and trust for the Group. I would also like to express my deepest gratitude to all staff for their devotion and hard work.

**WEI Jiafu**  
*Chairman*

Beijing, 28th March, 2002



Ocean Prospect, a real estate development project in Beijing