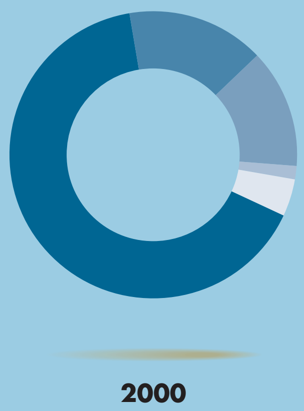
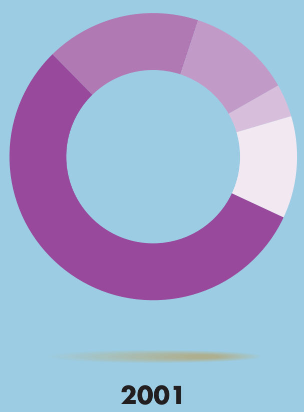
Net profit by business



2000

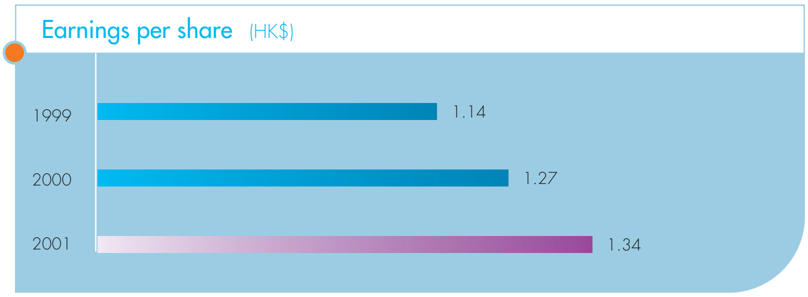
65.4%	Infrastructure and Modern Logistics
15.5%	Consumer Products/Retailing
13.4%	Automotive Parts
1.5%	Information Technology
4.2%	SIIC MedTech

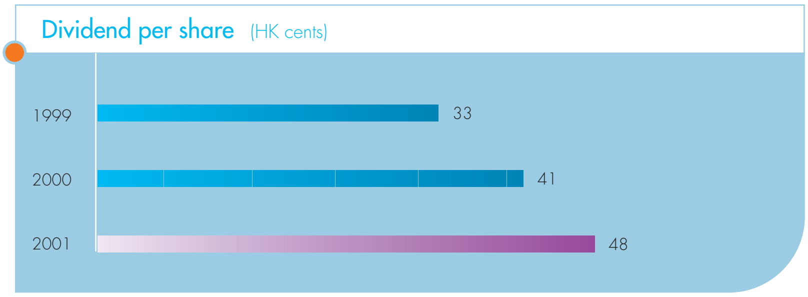
Net profit by business

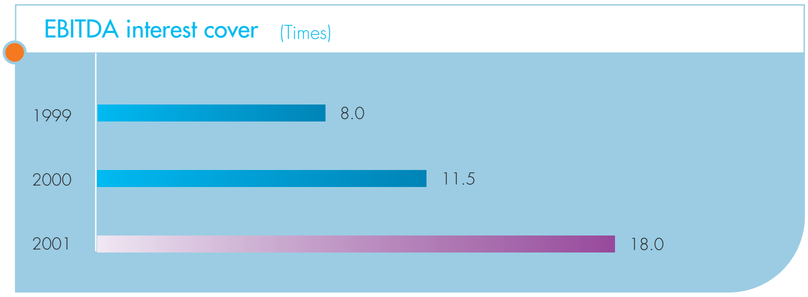


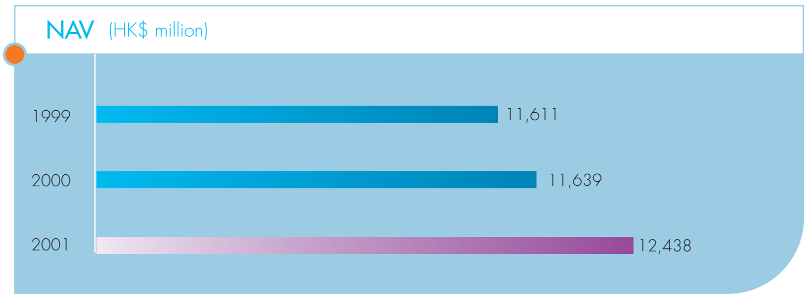
2001

55.7%	Infrastructure and Modern Logistics
17.4%	Consumer Products/Retailing
11.7%	Automotive Parts
3.7%	Information Technology
11.5%	SIIC MedTech


Earnings per share (HK$)
1999
1.14
2000
1.27
2001
1.34


Dividend per share (HK cents)
1999
33
2000
41
2001
48


EBITDA interest cover (Times)
1999
8.0
2000
11.5
2001
18.0


NAV (HK$ million)
1999
11,611
2000
11,639
2001
12,438

INFRASTRUCTURE AND MODERN LOGISTICS

- Shanghai Yanan Road Elevated Road Development Co., Ltd. (50.2%)
- Shanghai New Construction Development Co., Ltd. (35%)
- Shanghai Pudong International Container Terminals Limited (10%)
- Shanghai Industrial Wai Lian Fa International Logistics Corporation Limited (50%)
- Shanghai Industrial Sinotrans International Logistics Company Limited (34%)

Infrastructure Facilities

Net profit for the year derived from the Group's elevated road projects (Yanan Elevated Road, Inner Ring Road and North-South Elevated Expressway) was approximately HK$718,250,000, representing approximately 56% of the Group's net business profit. The elevated road projects provide the Group with substantial cash revenues and a stable return on investment.

The Shanghai Pudong Waigaoqiao Container Terminal Phase One (the "Terminal") Project, proposed by the Group, Hutchison Whampoa Limited, COSCO Pacific Limited and the Shanghai Port Authority, has received official approval by the relevant PRC government authority and is expected to commence operation in mid-2002. The Group and the Shanghai Port Authority have equity interests of 10% and 40% respectively in the newly formed cooperative joint venture, Shanghai Pudong International Container Terminals Limited, which has attracted a total investment of RMB3,000,000,000. Currently, the Terminal covers six international shipping routes to North

America, South America, Europe, West Africa, South Africa and the Mediterranean, and 30 domestic container shipping sub-routes, and achieved an aggregate throughput of 1.44 million TEU in 2001 and profit after tax of RMB156,000,000. With the rapid growth of the robust PRC economy, Shanghai looks set to develop into one of the world's major international shipping centres. This will help to sustain the trend towards steady growth of Shanghai's container throughput and provide sound development prospects for the Project.

Modern Logistics

According to the "Key Specialised Project Planning for the Development of the Modern Logistics Industry under the Tenth Five-Year Plan", Shanghai will focus on the development of port logistics by sea, land and air, as well as the complementary logistics flow of commercial wholesaling and retailing, and rely on information platforms to develop e-commerce logistics. Over the next decade, a distribution park for multinational Internet sales companies and an entrepot park for international multi-consignment containers (the largest of its kind in the PRC and the most competitive in Asia Pacific) will be constructed in the Waigaoqiao Bonded Area. The Group will rely on Shanghai as the base for developing its modern logistics business, investing in the construction of logistics information platforms and coordinating all logistics businesses, as well as seeking sizeable international logistics enterprises as strategic partners in the construction and development of an international logistics network with nationwide coverage.

In May, 2001, the joint venture company Shanghai Industrial Wai Lian Fa International Logistics Corporation Limited ("Shanghai Wai Lian Fa"), established by the Group and Shanghai Waigaoqiao Free Trade Zone United Development Co., Ltd. with equal equity interests, commenced operation, with investment for Phase One amounting to RMB150,000,000. By capitalising on the geographical and policy advantages of the Waigaoqiao Bonded Area, Shanghai Wai Lian Fa will focus on developing the import-export logistics business and the OEM factory logistics business, both with free trade characteristics. Already, the company recorded break-even revenues in the fourth quarter. Within the next three years, the company is expected to become a logistics operator with powerful influence in the Shanghai area. Shanghai Wai Lian Fa has entered into logistics service contracts with several sizeable foreign enterprises.

During the year, in partnership with the China National Foreign Trade Transportation (Group) Corporation and other investors, the Group established the Shanghai Industrial Sinotrans International Logistics Company Limited ("Shanghai Sinotrans"), which obtained official approval from the relevant PRC government department and will soon commence operation. The joint venture company, in which the Group has a 34% equity interest, will be engaged principally in the logistics business of chemicals, and will develop gradually into a sizeable logistics company specialising in petrochemicals. In its initial stage of operation, Shanghai Sinotrans will actively accept logistics business from the microelectronic industry located in the Zhangjiang Industrial Park in Pudong and the petrochemical industry in Jinshan. As soon as the Shanghai Chemical Industry Zone, located to the southwest of Shanghai at Hangzhou Bay, is fully operational, Shanghai Sinotrans will re-focus on developing specialised logistics customers within this area, which has been designed specifically as a municipal-level, integrated industrial zone aimed primarily at the petrochemical industry.

In order to coordinate management of the Group's modern logistics business, S. I. Logistics Holdings Limited commenced operation in April, 2001, and has set up a representative office in Shanghai to drive the development of the modern logistics business. The Group will continue to acquire and participate in more logistics business-related projects, expand its arena of logistics business, visualise and build up resources for a nationwide logistics information and transmission network, and become an international logistics enterprise with top-level modern logistics functions. The logistics business will be developed into one of the Group's core businesses gradually.

INFORMATION TECHNOLOGY

- Shanghai Information Investment Inc. (20%)
- Semiconductor Manufacturing International Corporation (17%)
- Shanghai Optical Communications Development Co., Ltd. (24.9%)
- Shanghai Communications Technologies Center (25%)

Net profit arising from the information technology business in 2001 was approximately HK$46,980,000, up 176% over 2000, and accounting for around 4% of the Group's net business profit.

During the year, Shanghai Information Investment Inc. ("SII") actively expanded its market and maintained steady growth in operating returns with swift development of its core businesses.

1. Shanghai Cable Network

Shanghai Cable Network Co., Ltd. ("SCN ") as SII's cable television network operator, is fully responsible for the construction, operation and maintenance of the Shanghai cable television network with over 3,200,000 subscribers and its network being one of the world's largest city cable television system. In 2001, SCN completed two-way cable television network upgrading for 400,000 subscribers, enabling a two-way network coverage for over 1,400,000 subscribers and enhancing the company's ability to market numerous types of value-added services. With more than 20,000 commercial subscribers, "Cableplus" has successfully realised IP to IP, and IP to PSTN communications, while the digital broadcasting television technology platform completed during the year will soon be put into commercial operation. Currently, SCN is already an important network carrier and operator offering comprehensive services and providing an ideal platform for the "convergence of data, voice and video".

2. Shanghai Information Pipeline Network

In compliance with the uniform regulations of the Shanghai Municipal Government, Shanghai Information Pipeline Co., Ltd. ("SIP") is responsible for the detailed organisation and implementation of the construction of Shanghai's information pipeline infrastructure, and the operation and management of the pipeline facilities. In 2001, SIP completed a total of over 550 kilometers of the network and installed over 38,000 kilometers of optic fibres. The information pipeline facilities covering Shanghai's major commercial areas are currently close to completion.

3. IP Broadband Value-added Services

Shanghai Symphony Telecommunications Co., Ltd. ("SST") was the first Sino-foreign telecommunications operating enterprise approved by the PRC's Ministry of Information Industry. SST, one important symbol of the PRC's opening up of the telecommunication industry, is a joint venture company formed by Shanghai Telecom Company, AT&T of the U.S. and SII, which has a 15% equity interest. SST provides a series of advanced IP broadband services and solutions, and will soon provide such services as corporate IP VPN and webhosting.

4. Consumer Credit Information Services

Shanghai Credit Information Services Co., Ltd. ("CIS") is the PRC's first consumer credit information provider and is approved by the People's Bank of China. CIS, a joint venture company formed by SII and other shareholders, is engaged principally in the query, attestation and risk assessment of consumer credit information. Since its first domestic consumer credit information report was issued in July, 2001, CIS has accepted about 200,000 consumer credit information queries and issued over 140,000 credit reports. It has a consumer credit information database of several million individuals and continues to introduce new services. Construction of the consumer credit information assessment system is progressing quickly, and CIS's membership continues to increase. The enterprise credit information system is being actively prepared for rollout in the first half of 2002.

5. Comprehensive Logistics Information System, Shanghai Port

During the year, SII invested RMB22,000,000 in Shanghai E&P International Inc. ("E&P International") and became its largest shareholder with a 22% equity interest. E&P International is authorised by the Shanghai Municipal Government to construct and operate Shanghai Port's integrated logistics information system. It is involved in such key construction projects as port and customs transaction data platforms and the Yangtze tributary container EDI system.

With the fast development of the PRC's microelectronics industry, Shanghai is poised to develop over the next 5–10 years into one of the world's major integrated circuit design, manufacture and testing bases with its own proprietary research and development capabilities. Semiconductor Manufacturing International Corporation ("SMIC") was the first plant to produce 8-inch wafers at 0.25-micron and below technology in the PRC. SMIC is engaged primarily in producing integrated circuits, as well as providing a one-stop service in the design and manufacture of integrated circuits using the latest technology applicable to communications equipment, personal computers and consumer electronics products. The future robust growth of the global integrated circuit market, in particular in the PRC, is indicative of the high market potential of this project.

In view of this, the Group invested approximately US$110,000,000 in SMIC in the first half of 2001 to become a substantial shareholder, and expanded its investment to approximately US$184,000,000 in the second half of 2001, becoming SMIC's largest shareholder with an equity interest of approximately 17%. In the fourth quarter of 2001, SMIC completed its phase one financing with about US$1,100,000,000 in equity investment and US$480,000,000 in equivalent Renminbi and US dollars loan financing from four local banks in the PRC.

SMIC's production facilities occupy a total area of 36 hectares in the Zhangjiang High Technology Park in Pudong, Shanghai. Construction of Phase One commenced in 2000. In September, 2001, SMIC held a ceremony to celebrate the production of its "first 8-inch wafers at 0.25-micron and below technology".

Starting from the first quarter of 2002, SMIC commenced production of FCRAM, standard logic and analogue IC for its customers. In February, 2002, SMIC entered into a business alliance with ChipPAC, Inc. of the U.S., the world's largest semiconductor packaging and testing service operator, to provide such services as wafer production, packaging and testing, as well as sales services to PRC and global customers. Areas of cooperation include the testing of integrated circuits and the packaging and testing of semiconductor products. SMIC's other technology partners include Toshiba of Japan and Chartered Semiconductor Manufacturing Ltd., one of the world's largest silicon foundries.

In 2001, net profit of Shanghai Optical Communications Development Co., Ltd. ("Shanghai Optical Communications") grew by some 55% over the previous year. Profits were derived primarily from its two joint ventures, Lucent Technologies of Shanghai, Ltd. and Lucent Technologies Shanghai Fibre Optics Co., Ltd. During the year, Shanghai Optical Communications, with Shanghai Bell Co., Ltd. as its partner, won the contract as graphic business equipment supplier and communication subcontracting integrated merchandise for Changchun subway project. Shanghai Optical Communications' specialties in MPEG-2 over ATM network transmission and provision of end-to-end services were fully exploited in this joint project.

The Shanghai Communication Technologies Centre ("SCTC") streamlined its organisational structure, enhanced operating efficiency and achieved good progress during the year. Sales revenue from its own products increased by approximately 348% over the previous year, highlighting the growing trend towards the development of proprietary intellectual property products. During the year, SCTC's product research and development was affirmed and supported, with its MPEG-2 over ATM System Project being awarded Second Prize of 2001 Annual Shanghai Science & Technology Progress Award and the MPEG-2 SV220 encoder passing network access tests and obtaining a network access certificate from SVA Group.

SIIC MEDTECH

■ SIIC Medical Science and Technology (Group) Limited (64.3%)

Operating results of SIIC Medical Science and Technology (Group) Limited ("SIIC MedTech") have sustained rapid growth since its listing in December, 1999. Its turnover and profit after tax in 2001 grew by approximately 35.7% and 2.2 times respectively over the previous year to approximately HK$724,000,000 and HK$233,000,000 respectively. SIIC Medtech's net profit attributable to the Group amounted to approximately HK$148,840,000, constituted around 11% of the Group's net business profit.

In March, 2001, Shanghai Jahwa United Co., Ltd. ("Shanghai Jahwa") was listed on the A Share Market of the Shanghai Stock Exchange, with an exceptional income attributable to the Group of approximately HK$100,000,000. Shanghai Jahwa not only managed to achieve success in the equity market, but also realised further growth in its business development. Despite the dilution of the Group's equity interest from 40% to approximately 28.15% subsequent to the listing, profit contributions made by Shanghai Jahwa increased by over 20% when compared to the previous year.

With the recent gradual intensity in medical system reforms and in the distribution of pharmaceutical products, many pharmaceutical enterprises have experienced losses caused by skews in sales. However, SIIC MedTech was able to achieve an excellent approximately 35.7% growth in turnover in 2001, due primarily to its past insatiable search for areas of potential growth in the market, as well as its active promotion of the sale of other pharmaceutical products while stabilising the sale of its own principal products. In 2001, sales of "Qingchunbao Anti-ageing Tablets" reached approximately RMB256,000,000, an increase of approximately 104%

over the previous year. The "Liushen" brand maintained its dominance in florida water and bath foam, with an increase in sales of over 20% compared to the previous year. The newly developed "Liushen Mosquito Repellent Florida Water" was a new area of growth. Another major brand name, "Maxam", introduced a new logo representative of its new image and realised a double-digit growth in sales. In addition, Shanghai Jahwa launched its first two "Herborist" specialty stores in the densely populated areas of Causeway Bay and Mongkok in Hong Kong. This marked the first step in its internationalisation of the Chinese herbal medicine healthcare market.

During the year, the Group strengthened its injection of resources into research and development. In addition to undertaking new research and development projects, the Group is devoted to upgrading the technology content and quality of its existing products. New research and development projects include "Qingchunbao Beauty Capsule", "Anntiflu Capsule", "Ipriflavone Tablet", "Gelatin Suppository", "Bone-strengthening Capsule" and "Lebekon Film Tablet". To cater to the needs of diabetics, the Group developed during the year the "Qingchunbao Anti-ageing Sugar-free Coated Tablet" and completed the related reporting work, further enriching SIIC MedTech's product line.

In December, 2001, SIIC MedTech signed a letter of intent to cooperate in the in-depth development of its dominant product, "Shen Mai Injection", with the University of Hong Kong, with a view to jointly developing a new medicine to cater to new cases. In early 2001, SIIC MedTech entered into a cooperative agreement with the China Academy of Chinese Medicine to further develop classical, high-quality, traditional Chinese medicines; the related scientific research work has already begun. The "fresh barbary wolfberry granules", a raw material product researched and developed by SIIC MedTech and currently being considered for approval by the Ministry of Health, PRC, is expected to be formally marketed in the latter half of 2002.

In order to explore the overseas market for products, SIIC MedTech has signed an initial letter of intent in November, 2001 outlining cooperation with a German pharmaceutical manufacturer with respect to the entry of barbary wolfberry fruit products into the European market. It is planned that tablets made of Ningxia fresh barbary wolfberry fruit will be introduced into the German market as part of the drive to find a channel to the European markets for traditional Chinese medicine products. During the year, SIIC MedTech entered into negotiations with a Japanese sales company to develop a series of healthcare teas suitable for the Japanese market, with the other party being responsible for sales. Experts from the Shanghai University of Traditional Chinese Medicine have already developed a "slimming tea" product that is expected to be launched in the Japanese market in 2002.

In December, 2000, SIIC MedTech acquired a 38% equity interest in Guangdong Biolight for RMB18,760,000. Guangdong Biolight is engaged principally in the production of high-technology clinical monitoring medicare equipment. Among its developed products, patents of both the software for the portable multi-parameter monitor and electronic colposcope are pending. In July, 2001, SIIC MedTech invested an 11% equity interest in E-COM Technology for US$1,500,000. E-COM Technology is a developer and supplier of medical imaging system and medical information systems. Its products digital X-ray photographic systems and medical image storage and transmission technology are extremely market competitive with sound prospects.

In December, 2001, SIIC MedTech reached an agreement to acquire a 24% equity interest in Hangzhou Huqingyutang Drugstore for RMB12,000,000. The acquisition was completed recently and has obtained the relevant operating licence. "Huqingyutang", a well-known brand name in the traditional Chinese medicine industry, has a history of over 100 years and is one of the pan-provincial enterprises in medicine retailing, with key support from the State. This project signified SIIC MedTech's official foray into the arena of domestic medicine retailing and marked the completion of a key element in the overall strategic development at SIIC MedTech.

CONSUMER PRODUCTS/ RETAILING

- Nanyang Brothers Tobacco Company, Limited (100%)
- The Wing Fat Printing Company, Limited (93.3%)
- Shanghai Bright Dairy and Food Co., Ltd. (40%)
- Shanghai Sunway Biotech Co., Ltd. (49.8%)
- Shanghai Sunve Pharmaceutical Co., Ltd. (48%)
- Mergen Limited (50%)
- Shanghai Orient Shopping Centre Ltd. (51%)

Net profit of the consumer products/retailing business amounted to approximately HK$223,770,000, an increase of about 29% over the previous year, accounting for an approximately 17% share of the Group's net business profit.

Tobacco and Printing

In 2001, Nanyang Brothers Tobacco Company, Limited ("Nanyang Tobacco") successfully reached all its production and sales targets. Net profit amounted to approximately HK$91,560,000, up by approximately 47% over the previous year. During the year, Nanyang Tobacco actively developed a sales network for Nanyang manufactured and distributed cigarettes, and identified potential customers. Total sales for the year rose by approximately 2.1%.

In May, 2001, the "Chunghwa" brand of cigarettes distributed by Nanyang Tobacco began to be sold in 7-Eleven convenience stores, widening the brand's distribution range by over 400 retail outlets. In June, Nanyang Tobacco acquired the distribution rights for "DJ Mix" Lemon Fresh cigarettes in Hong Kong and Macau. Sales in the Hong Kong market in 2001 reached 7,228 cartons, up approximately 3.3% over the previous year. Nanyang Tobacco was also committed to expanding its domestic market. The "Double Happiness" brand achieved satisfactory results in Guangdong, Shanghai, Shenzhen and Fujian, with a 71% growth in annual sales. In 2001, most of Nanyang Tobacco's new products were in production and being well received in the market. Phase 2 of the new Nanyang factory in Tuen Mun, Hong Kong, was completed in June, 2001 and became fully operational in October that year. This new plant will further reduce operating costs for storage, enhance the operational efficiency of production, and strengthen warehouse management and the quality control of tobacco leaves.

The Wing Fat Printing Company, Limited ("Wing Fat Printing") realised substantial profit in 2001, with satisfactory results from all its domestic subsidiaries. Wing Fat Printing's net profit and turnover for the year were approximately HK$70,000,000 and HK$283,620,000 respectively, reflecting respective increases of about 20% and 20%. During the year, Wing Fat Printing developed numerous new products, including eight new tobacco packs. In recent years, Wing Fat Printing has committed to improving its system management. In 2001, it successfully attained the more demanding and thorough ISO 9001:2000 certification and implemented full management using a computerised system.

Dairy

During the year, Shanghai Bright Dairy and Food Co., Ltd.'s ("Bright Dairy") sales network fully infiltrated the whole of Eastern China and is gradually over-running Northern and Southern China. Net profit and sales for 2001 amounted to approximately RMB165,000,000 and RMB3,513,000,000 respectively, a growth of approximately 46% and 54% over 2000.

Having undergone several years of development, Bright Dairy is currently the PRC's leading enterprise in the manufacture of dairy products, with a solid market share exceeding 80% in Shanghai, yielding excellent business results. Its products comprise fresh milk, yoghurt, powdered milk and other newly developed dairy products. Its operation encompasses the rearing of dairy cows, milk processing, retail and milk delivery services. During the year, Bright Dairy applied to the China Securities Regulatory Commission for the issuance of A Shares. In November, 2001, Bright Dairy marked its first year of pre-listing consultation and is now awaiting final approval by the relevant departments.

In 2001, sales of new products developed and successfully marketed by Bright Dairy amounted to approximately RMB720,000,000, accounting for over 20% of total sales. In addition, to satisfy market needs and improve the external packaging of products, Bright Dairy made a total investment of approximately RMB27,000,000 in the importation of advanced equipment.

Pharmaceutical and Bio-technology

In April, 2001, Shanghai Sunway Biotech Co., Ltd. ("Sunway Biotech") successfully completed Phase 1 clinical trials of H101, the anti-tumour drug, and obtained approval for Phases 2 and 3 clinical trials in July, and is undergoing active development of the H100 series products. Current progress of Phase 2 clinical trials is satisfactory. During the year, Sunway Biotech further upgraded the stability of the lyophilised preparation of H101 and established the corresponding testing methodologies of PFU, Resource Q and Protein Detection. Sunway Biotech also established cooperative relationships with a number of universities and tumour research institutes to conduct anti-cancer research into gland viruses and jointly explore an anti-immunity treatment for tumours.

The operating results of Shanghai Sunve Pharmaceutical Co., Ltd. ("Sunve Pharmaceutical") improved in 2001, with annual product sales totalling approximately RMB418,770,000. The successful development of the new medicine, "Docetaxel (taxotere)", represented a breakthrough in the company's research and production of anti-cancer drugs. In September, 2001, Sunve Pharmaceutical, Vita Life Sciences Limited of Australia and Lovin International Pharma Limited of Ireland signed a joint venture contract and articles of association for the joint venture "Shanghai Sanvit Pharmaceuticals Limited." Total investment is US$12,000,000 and its principal scope of operation is effervescent tablets, ordinary tablets and capsules. In addition, cooperation between Sunve Pharmaceutical and Pierre Fabre Medicament of France to develop "Permixon" has made solid progress in sales markets, with the sales licence agreement having been signed, registered and approved by the PRC Government.

With completion of installation work on its new production facility in the first half of 2001, Mergen Limited ("Mergen") now has the most advanced array production workshops and equipment. Micro-arrays are now being produced in sterile workshops. Up to the present, Mergen has launched seven different spotted gene arrays, including human ExpressChip™, mouse ExpressChip™ and rat ExpressChip™. Due to the huge market demand for human ExpressChip™, this will become one of the main focuses of production for Mergen in 2002. In 2001, the U.S. Patent Office granted a patent for Mergen's Single Nucleotide Polymorphism (SNP) detection technology. During the year, Mergen successfully developed four new G-Protein Coupled Receptors (GPCR) that are useful in the treatment of central nervous system diseases, and applied for patents for them in the fourth quarter. Mergen also obtained the use of the technology to produce high-density spotted arrays from Incyte Genomics, which will enhance Mergen's advantages when negotiating for business.

Retailing

Net profit for 2001 of Shanghai Orient Shopping Centre Ltd. ("Orient Shopping") rose to approximately RMB25,670,000, a growth of some 9% over the previous year. During the year, Orient Shopping held an ongoing series of marketing campaigns that achieved encouraging results and continued to implement its operating strategy of brand name promotion, actively introducing new brand names and upgrading its level of operation through a series of sales promotion activities that attracted many consumers. Subsequent to its renovations, the home appliance mall introduced many international brand names and established specialty shops selling cutting-edge high-tech and new technical products, resulting in a doubling of sales.

AUTOMOTIVE PARTS

- Shanghai Huizhong Automotive Manufacturing Co., Ltd. (50%)
- Shanghai Wanzhong Automotive Components Co., Ltd. (50%)
- Shanghai SIIC Transportation Electric Co., Ltd. (30%)

The Group's automotive parts business registered a net profit in 2001 of approximately HK$150,070,000, with flat profit over the previous year, and contributed approximately 12% to the Group's net business profit. The first quarter of 2001 showed noticeable increases in the demand for domestic cars. However, the fourth quarter was affected by China's accession to the WTO, with a resulting slowdown in sales growth.

Sales revenue of Shanghai Huizhong Automotive Manufacturing Co., Ltd. ("Shanghai Huizhong") in 2001 grew by approximately 8%, while profit remained flat. During the year, it noted satisfactory results for market expansion, and further localisation of projects was implemented. Good progress was also made in the OEM market for chassis component products for sedans. During the year, 644 new pieces of production equipment were introduced, and many renovation projects were completed, including the construction of an information platform.

In November, 2001, Shanghai Huizhong and Benteler Automobiltechnik GmbH & Co. KG signed the joint venture contract for Shanghai Benteler Huizhong Automotive Company Ltd. ("Benteler Huizhong"), in which Shanghai Huizhong has a 40% equity interest. Benteler Huizhong is engaged principally in the production and sales of welding ASM, axle, engine cradle, lower control arm and related structural components of the driving axle.

The year 2001 marked the first year of commercial production for Shanghai Wanzhong Automotive Components Co., Ltd. ("Shanghai Wanzhong"), which processes and manufactures components for Passat sedans. Total sales for the year were approximately RMB20,700,000, with a profit of some RMB3,180,000. At the end of the year, 43 sets of imported equipment were installed in the production lines. Shanghai Wanzhong has speeded up the implementation of its heavy truck technology renovation project and its large coach projects to upgrade and renovate heavy truck products and solidify its market share.

Net profit in 2001 of Shanghai SIIC Transportation Electric Co., Ltd. ("SIIC Transportation") was approximately RMB54,550,000, up approximately 13% over the previous year, with steady growth in sales revenue. In 2001, SIIC Transportation focused on the development of automotive electronic products and high-tech products to cater to the needs of users in the sedan markets. It is also conducting negotiations pertaining to a number of high-tech production cooperation projects.

During the year, SIIC Transportation has consolidated the component and parts market of Shanghai Volkswagon and Shanghai General Motors with higher productions for power windows. Subsidiaries like Shanghai Valeo and Shanghai Delphi have captured the wiper and electronic control lock businesses of Jinbei GM and Changfeng Leopards. In 2001, Shanghai Brose became the only domestic metallic door manufacturer with its expansion into producing two-panelled doors for SVW/PQ24 and FAW-Volkswagen's BORA/A4. The new project of Shanghai Delphi's SGM/GL8 super door will become the business growth spot of 2002. SIIC Transportation has completed 40 new product development projects and applied for patents in 5 projects for the year.

OTHER INVESTMENTS

Compass Venture Partners, L.P. (the "Compass Fund"), in which the Group has an approximately 66% equity interest, is engaged principally in investment in the PRC domestic media and related industries, and expansion of the PRC domestic media market. During the year, it invested in Clear Media Limited ("Clear Media"), one of the largest outdoor advertising companies in the PRC. Clear Media is engaged primarily in advertising in public bus shelters in 28 cities nationwide. It has market shares of between around 40% to 90% in such major cities as Beijing, Shanghai, Guangzhou and Shenzhen. Its market share of bus shelter advertising boards in Shanghai alone amounts to 90%. Clear Media will continue to expand its market share in each city through acquisitions and will explore point-of-sale advertising displays in supermarkets. The company already has a contract with Shanghai Lianhua supermarket to erect point-of-sale advertising displays in over 200 supermarkets.

Clear Media was listed officially on The Stock Exchange of Hong Kong Limited on 19th December, 2001, raising approximately HK$995,000,000. Its International Placing and Public Offering were over-subscribed by 8 and 15 times respectively. The current shareholding of the Compass Fund in Clear Media is approximately 4.1%. Clear Media's net profit for 2001 amounted to approximately HK$59,000,000, exceeded the forecast in the Prospectus.