



Mr. Liu Guoyuan,
Vice-Chairman

“ Maximising corporate profits, Market-oriented strategy, Qualified service, Well - trimmed management and Strong team work among staff ” is our corporate management philosophy.

REVIEW OF OPERATIONS

The profit of the Group showed a remarkable growth for the year ended 31st December, 2000 as a result of management adherence to the principles of “Driven by profit and efficiency, Responsive to the market and Enhancing management strength” to overcome difficulties, explore new business opportunities and maintain steady growth.





Henan Power Plant

Infrastructure

Henan Xinzhongyi Electric Power Co., Ltd. ("Henan Power Plant") continued to provide steady income to the Group. The operating environment of the power plant was challenging. Management has worked hard during the year to ensure electricity supply targets were met while maintaining a steady unit selling price. All in all, we were able to achieve a satisfactory level of return from Henan Power Plant comparable to that of last year.

Properties



Fragrant Garden

During the year, the occupancy rate for the eight floors of COSCO Tower was maintained high at around 99%; it remained one of the major sources of income for the Group. The overall market for grade A office building has turned around and rental rates have gone up considerably during the year. The tenants, upon the expiry of their leases,

were willing to renew their agreements or to extend their leases based on market rates. The Group will continue to reinforce the principle of maintaining good relations and communications with the tenants and expects to be able to maintain a satisfactory occupancy rate for the coming year.

With Mainland China becoming a member of the WTO, Shanghai is fast becoming one of the most attractive cities to foreign investors.

People will look for better accommodation as the standard of living has improved.

The Group has selected to jointly develop an urban project "Fragrant Garden" with Shanghai Siping Development and Operation (Group) Co Ltd, a subsidiary of the Shanghai Hongkou District Government. The construction work commenced in June

1999 and Phase I will be completed for occupation in mid-2001, by then the construction work of Phase II will commence. Fragrant Garden has a site area of 35,000 square meters and total construction floor area of approximately 183,000 square meters. There will be seven blocks of residential buildings comprising 1,380 units with gross floor area ranging from 80 to 220 square meters. The completion of Fragrant Garden will be well timed to meet the increase in demand for housing in Shanghai.



COSCO Tower

The development project of two detached houses at Shatin Town Lot No. 217 Mei Wo Circuit has been completed. As the overall market sentiment for upmarket residential property has improved, these two detached houses will be launched to the market at an appropriate time.



Mei Wo Circuit

Building Construction

During the year, the Group strengthened controls at various construction sites of Shun Shing Construction & Engineering Company, Limited ("SSCE") in terms of construction work quality, safety management, and project progress. Positive results had been achieved. PSPS Project at Shum Wan Road named Broadview Court, is on the list of the Home Ownership Scheme Phase 22B which is currently on sale. The development project consists of four residential blocks located on the podium of a multi-storey carpark and shopping mall, two of which are 38-storey and the other two are 39-storey, with a total of 1,540 residential units. For the year ended 31st December, 2000, the value



PSPS Project at Shum Wan Road - Broadview Court - 1,540 residential units

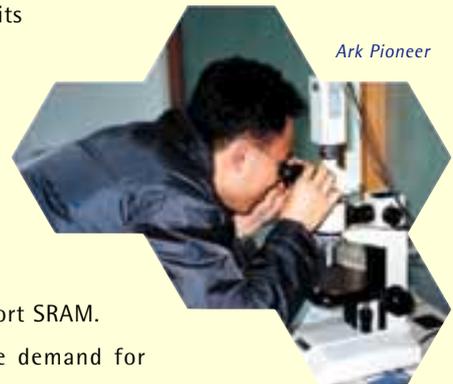
of construction contracts completed by SSCE amounted to HK\$1,759 million and the value of construction work in progress amounted to HK\$2,884 million.

High Technology and Environmental Protection

Ark Pioneer, a 51% owned jointly controlled entity in Shenzhen, the People's Republic of China (the "PRC") is engaged in the integrated circuits design business.

It has successfully completed the design of 32Kx8, 16Kx8 and 8Kx8 DualPort SRAM.

There is a huge demand for these three products in Mainland China and it is expected that, with the successful development of these domestically designed integrated circuits products, the current practice of relying on foreign imports will change. The potential market for these products is huge and management is aggressively trying to build up a market share in this industry.



Ark Pioneer

FUTURE OUTLOOKS AND STRATEGIES

Infrastructure

In view of the sweeping changes taking place for the power supply industry in Mainland China, operating condition for the Henan Power Plant will remain tough. Management is taking action, and every effort will be made, to bring in measures to reduce costs and ensure sales targets are met. Despite the difficulties, we are confident that returns from the Henan Power Plant will be maintained.

Properties

Hong Kong's economy will continue to improve in 2001, office rental will first climb up and residential market will recover steadily. The Group will cautiously look for appropriate investment projects in order to strengthen the asset structure of the Group.

The improvement in living standard in major cities coupled with policy from the Central Government to encourage private purchase of residence paves the way for a prosperous property market in Mainland China.

Mainland China's entry to WTO will also give rise to a strong demand for high quality residential

units. With experiences gained from the development of Fragrant Garden, the Group is well positioned to further explore and develop promising high quality residential projects in Mainland China.



Sale and promotion activity of Fragrant Garden

Building Construction

The Government of Hong Kong is abandoning its "Eighty-five Thousand" public housing target and

the number of private housing units to be built is also on decline.

Furthermore, the Government of Hong Kong has adopted various policies and supervisory measures to tighten the control over quality following a series of construction scandals recently. The operating environment for building construction industry will become even more difficult. Survival of the fittest will become the trend. To stay competitive, SSCE will have to continue strengthening



Tin Shui Wai Area 102 Phase I - 1,280 residential units

its management and cost control systems. It will also be necessary for SSCE to diversify its business operations to cover other government projects, besides those of the HKHA, and projects from the private sector. SSCE will also look for experienced local as well as overseas partners in order to strengthen its ability to undertake large projects.



*Tsz Ching Estate Phase II –
2,717 residential units*

We will strengthen the management and supervision of Ark Pioneer, formulate measures to enhance competitiveness of its products both in terms of pricing and quality and to establish market share.

High Technology and Environmental Protection

During the year, stock prices of some internet and technology companies have been battered badly when investors' enthusiasm for these types of businesses died off. Nevertheless, high technology and environmental protection industries will continue to draw attention in the new millennium. With Mainland China as its hinterland, Hong Kong is well placed to capture opportunities in this huge market and draw on a vast pool of highly skilled talents. Given Central Government's emphasis, these industries will flourish as more preferential policies and measures are being introduced.

SUMMARY

In 2001, the Group will operate under the five essential elements of corporate management: "Maximising corporate profits, Market-oriented strategy, Qualified service, Well-trimmed management and Strong team work among staff" and continue looking for suitable investment opportunities which will bring good returns to shareholders.

Liu Guoyuan
Vice-Chairman

Hong Kong, 30th March, 2001