

Chairman's Statement



Mr. Wong Sai Chung

Chairman and Joint Managing Director

I am pleased to present the annual report for the year ended 31 December, 2001. The audited profit attributable to shareholders amounted to HK\$120,656,000 for the year ended 31 December, 2001.

DIVIDEND

The directors do not recommend the payment of a final dividend.

PROPERTY

Following the successful completion of Vista Paradiso in Ma On Shan with Cheung Kong, the Group has developed a retail/residential property complex in the busiest part of downtown Tsuen Wan. Currently, 25 storeys have been built and we expect completion at around mid-2002. The residential portion has been 80% sold and we expect the remaining units will be fully sold in the near future. The Group intends to hold the 160,000 sq.ft. shopping arcade for long term investment.

In Lok Ma Chau (very close to the Huanggang entry port to China), our Group has accumulated sizeable land bank. A portion of such land bank will be used to develop a 4.5 million sq.ft. residential complex with Sun Hung Kai Properties and other developers. This project was granted the relevant approval from the government in the fourth quarter of 2001 and is in planning stage.

The Group has another 400,000 sq.ft. residential project in downtown Yuen Long in development stage.

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Meanwhile, the Group continues its discussion with the relevant government authorities on certain change of land use rights to pave ways for several other large scale and unique composite projects in Hong Kong.

In response to the improving property market in Thailand, the Group is actively developing Phase II of the 10 million sq.ft. property project located at the city centre of Bangkok. The current sales progress of the completed Phase I is very encouraging.

In Shanghai, China, the shopping arcade of Phase I out of the 4.5 million sq.ft. Concord World at Nanjing West Road has been fully let out. One of the two residential towers has been leased out as serviced apartments which have achieved an occupancy rate of over 90%.

The Phase II of Concord World is undoubtedly the jewel of the crown amongst our projects in Shanghai. Leveraging on the almost one-kilometre long site on Nanjing West Road, the project will be developed into the most spectacular commercial shopping street in Shanghai with a gross floor area of approximately four million sq.ft. The shopping street will encompass the glamour of five international cities, including Paris, London, Rome, New York and Tokyo to attract customer flow. The shopping street is located at the busiest underground station of Shanghai, and supported by the traffic infrastructure around Nanjing West Road. The Group expects the retail space and associated facilities will contribute substantial rental income upon its completion. In addition, there will be four most luxurious residential towers amounting to one million sq.ft. to be built along the shopping street.

Shanghai Cannes is another landmark project of the Group in Shanghai. Shanghai Cannes, occupying a site area of 10 million sq. ft. is located at Xin Zhuang, Min Xin District, Puxi of Shanghai. Min Xin District is the most popular area in Shanghai for property development in recent years. In 2000, about 1/3 of residential property sales in Shanghai came from Min Xin District and this demonstrates the popularity of Min Xin District. Xin Zhuang is the key town of Min Xin District and is also where the Puxi underground railway terminates. Shanghai Cannes is only 1.3 km or 4 to 5 minutes drive away from the terminal station.

After years of planning and development, Shanghai Cannes becomes widely accepted by the market. The residential units released have been receiving good response from the market. The Group expects the 1,800 units of Phase I will be fully sold out by July this year.

At present, the buyers of Shanghai Cannes have been moving in gradually and when fully occupied, Shanghai Cannes will become a truly French Style community. This will create a very favourable environment for the 18 million sq.ft. Phase II to VI in the future. I expect this project will provide substantial profit for the Group in the next few years.

In Tien He, Guangzhou, the Group is developing an one million sq. ft. retail/residential property project with New World China. The 500,000 sq.ft. Phase I has been launched recently and is expected to be fully sold by mid-2002. Development of Phase II has been started and the Group targets to start presale next year.

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PETROLEUM PRODUCTS DISTRIBUTION AND IT

The Group will continue its strategy to pursue the distribution business of petroleum products in China. The Group believes that wholesale/retailing of petroleum products in China will be highly profitable in the long run.

The Group's investment in the IT industry will start to pay back upon the revival of the global IT market.

STRATEGIC INVESTMENT

At the end of 2001, the Group agreed to acquire a 50.45% interest in Winsan (Shanghai) Industrial Co., Ltd, which is an A-share company listed on the Shanghai Stock Exchange. The Group is considering various strategic options.

ACKNOWLEDGEMENT

I would like to express my sincere thanks to our shareholders, friends and staff.

By Order of the Board

Wong Sai Chung

Chairman

Hong Kong, 13 May 2002