



## Business Review

As a specialist and differentiated business and real estate solutions provider integrating full-serviced business facilities with connectivity and building vibrant community environments based on a “work-live-play” community enhancement concept, the Group has its businesses focused on business parks and residential developments, and complementary high technology networking and business enabling services in Mainland China.

### Vision (Shenzhen) Business Park

The Group develops and manages quality business park projects in Mainland China. Currently, the Group is managing the completed Phase 1 and developing Phase 2 of VSBP.

The Group has a full range of competencies: from business development, financial planning, project and property management and operations to marketing. Its role is to drive the development of a network of business parks in Mainland China by providing integrated workplaces complete with world-class infrastructure and services.

#### *Phase 1 Development*

Phase 1 of VSBP was completed in March 2001. With a gross floor area of 23,500 sqm, it comprises two 5-storey intelligent buildings. As at 31st December 2001, occupancy rate reached 86% with 24 multi-nationals and local high-tech companies operating in the park. These companies include Nasdaq-listed automatic optical systems manufacturer Camtek, broadband network product developer Shenzhen Fenghua Telecom, embedded Linux and Bluetooth communications developer KINGENE Technology, and Shenzhen registered Lionda Technology which is engaged in research and development of digital and microwave wireless telephone and walkie-talkie.

In addition to property management services, extensive on-site technical support services are also provided within the park. After-sales customer services are provided to ensure that clients run their business smoothly and receive quality service and prompt operation support. Shenzhen Development Bank has set up a branch in the park to complement the park’s services in helping clients settle in and start up their businesses within the shortest possible time. These one-stop services enable VSBP to provide comprehensive customer support and to differentiate VSBP from other local competitors.



*Phase 1 of Vision (Shenzhen) Business Park. When all 3 development phases are completed, the 34-hectare park will offer approximately 600,000 square metres of fully-wired business space with comprehensive “work-live-play” amenities to cater to all business needs.*



## Business Review

### *Phase 2 Development*

To be developed in sub-phases, Phase 2 of VSBP will comprise 5 buildings together with an amenity centre. The amenity centre, housing a business centre, fitness centre, convenience stores, restaurants/cafes, and other ancillary facilities, will provide comprehensive recreational and business facilities for the park's tenants. With a total gross floor area of over 128,300 sqm, Phases 1 and 2 will offer an eco-friendly environment and supportive functionality for a pleasant and innovative lifestyle meeting the needs of the park's progressive high-tech community.



*Mr Guo Rong-jun, Deputy Mayor of Shenzhen Municipal Government, speaks at the ground-breaking ceremony of Vision (Shenzhen) Business Park for its Phase 2 development*

The first 2 blocks of Phase 2 will be completed by end-2002 and the entire Phase 2 will be completed by 2004. Targeted clients are multinationals and local companies engaged in software development, research and development, multi-media/animation production, banking services backed by a host of facilities including backroom operations, data warehouse, Internet centres, hosting centres and call centres, and other IT related businesses.

### *Marketing*

The Group participated in the third China Hi-Tech Fair between 12th and 17th October 2001 to promote the facilities of VSBP and its Phase 2 development.

In 2002, the Group will embark on international marketing through collaboration with international consultants, its major shareholder Ascendas Pte Ltd and real estate facility departments of multinational companies. Such collaborations will enable the Group to tap a rich pool of business opportunities, reaching some 7,000 multinational companies, in addition to local Chinese technology and knowledge-based companies. The Group will also cross-sell through its offices in Beijing, Shenzhen and Dalian by organising roadshows, seminars, conferences and exhibitions.





## Business Review

### Other Prospective Business Park Projects

Further to the Memorandum of Understanding signed on 12th September 2001 with Tsinghua Science Park Development Centre ("Tsinghua"), an enterprise set up by the Tsinghua University for the development of science parks, the Group plans to jointly develop with Tsinghua a 40,000 sqm project with a land area of some 9,200 sqm at the south-eastern corner of Tsinghua Science Park Phase 2. The development will offer full-serviced business park facilities fitted with e-infrastructure, and is targeted to be completed by end-2003.

The Group is in the process of negotiating development opportunities in Shanghai and other major cities of China such as Chengdu, Chongqing and Xian through forming strategic alliances or collaboration with established, reputable partners.

### Real Estate Businesses in Mainland China

In line with the Group's shifting of its business focus to Mainland China, the Group has expanded into China's residential property market with two major residential projects under its development portfolio. These two projects are Scenic Place in Beijing which is under construction and Vista Place in Dalian which is at an advanced stage of planning.

In Beijing, the Group commenced construction of its first condominium development Scenic Place. Located at No. 305 Guang An Men Wai Avenue, Xuanwu District, Scenic Place will cover a total gross floor area of over 340,000 sqm upon completion.



*Artist's impression of Scenic Place, Beijing, which will comprise 11 blocks of residential towers and will be developed in 3 phases*



## Business Review

Phase 1 of Scenic Place, comprising three residential buildings and offering 788 exquisitely-designed units, will be completed by December 2002. Initial launch of its first two blocks commenced in December 2001 and market response has been encouraging. It is expected that public launch will commence in the first quarter of 2002.

Construction of Vista Place, which is the Group's first condominium residential development in Dalian, is expected to commence in March 2002. This development covers a total gross floor area of approximately 60,000 sqm and upon completion, it will furnish 442 prime residential units.

Apart from its current residential developments in Beijing and Dalian, the Group is also actively exploring expansion opportunities in other major cities of Mainland China. Residential development plans will cover major China cities, including Shanghai, Shenzhen, Guangzhou and Chengdu.

### Technology Services

The Group engages in the design, marketing and delivery of technology-related services to enterprises in China.

Its goals are twofold: firstly, to enhance the value of the real estate and business park projects through the provision of complementary technology services to the tenants and purchasers of these properties; and, secondly, to generate additional revenue and profit streams for the company through participation in the rapidly growing technology markets in China.

The Group executes its technology strategy through a combination of in-house skills and relationships with partner organisations. In particular, the company fosters relationships with companies affiliated with its major shareholders where such relationships enable the Group to gain leverage from the skills and resources of these shareholders.

Where appropriate, the Group invests in or acquires companies that are able to contribute to the achievement of its mission.



## Business Review

The technology services that the Group and its partners provide include:

- LAN Connectivity and Management

The Group's business park tenants can choose to use local area networks that are installed, owned and managed by the Group, or they can choose to have the Group and its partners provide specific components of these services. The benefit that the Group offers the tenants is the ability to "move in and plug in" without needing to worry about the technical details associated with establishing their LANs.

- WAN Connectivity and Management

The Group and its partners offer wide area network services that include Internet access, local and international leased communications lines, and virtual private networks ("VPNs") that provide total security and privacy over public network services. Apart from the obvious benefits of convenience and security, multinational companies can also enjoy reduced communications costs for voice, data and video, as well as improved communication and sharing of resources.

- Hosting Services

Through data centres in Shenzhen, Beijing and Hong Kong, the Group and its partners offer co-location of servers and hosting of web and email services. Tenants and other customers who locate their servers in these data centres also benefit from professional performance monitoring, data backup, and other services. Additional benefits of particular note result from the virus protection and intrusion detection services offered by these data centres.



*Hosting services delivered through data centres*

- System Integration

The system integration services offered by the Group and its partners include design and implementation of networks, security solutions, and data protection services. Few organisations, especially SMEs, have the in-house expertise needed for the professional design and implementation of these facilities. These services are growing rapidly, in both size and complexity, in line with both the volume of data communication and the risks posed to that data from the proliferation of viruses and other security threats.



## Business Review

- Localisation, Translation and Market Intelligence

The Group and its partners offer a range of services to assist technology-based enterprises entering Mainland China. These include content-related services such as the translation of electronic content and the localisation of that content to match local conditions. Complementary services include market intelligence studies, profiling and audience optimisation, and design and selection of delivery channels. The goal of all of these services is to assist clients in achieving rapid and accurate delivery of their customised content in Mainland China.

- Business Advisory Services

The Group and its partners also deliver a number of complementary services that, although not technology-based, nonetheless complement the Group's other offerings by helping company's arriving in Mainland China to establish themselves rapidly and efficiently. The services cover company formation, advice on legal and taxation matters, and consulting on business development. In a related venture, the Group's partners also provide 'incubation' services for start-up Chinese companies. The goal of these services is to provide an environment in which the development of high-tech start-up companies in Mainland China can be accelerated. The environment combines venture capital, technical know-how, marketing skill and business management experience. The Group also provides some of the practical necessities for start-up companies, such as premises, equipment and other facilities.

In addition, during 2001, the Group also held the following investments in technology enterprises:

The Group holds an effective 50% interest in Beijing Golden Voyage Electronic Company Limited ("BGV"), a China-based company engaged in the development and sale of education software and supporting materials. The Group has conducted a detailed review of BGV's business and is working on restructuring the company to ensure that the investment is maximised.

The Group also holds an effective 72% interest in Easykeys Limited, which is developing a new, patented system for entering Chinese characters into personal computer systems. The Group is exploring viable commercial options for this project.



## Business Review

### Other Real Estate and Technology Investment Projects

During the year under review, the Group continued to review and rationalise its existing property and investment portfolios with a view to extracting maximum value while focusing on shifting the business into Mainland China and divesting off non-core areas.

The Group commenced sales of Greenery Place, a major residential project in Yuen Long, Hong Kong covering a total gross floor area of about 238,000 sq.ft. As at 31st December 2001, 60% of the total units were sold.

Other residential properties marketed by the Group in Hong Kong during the year included residential units of Tycoon Place in Tai Po, Harbourview Garden in Kowloon City and Villa Sapphire in Tuen Mun. Sales of these properties progressed well and all the remaining units of Tycoon Place were sold.

At year end, construction of Elite Court, which is located in Western District, Hong Kong Island, was almost completed. Public launch is expected to take place in the first quarter of 2002 when occupation permit is obtained.

The Group is reviewing the development plans and feasibility of other remaining Hong Kong projects including Hung Hom KIL 10663 and Hung Hom Town Lots 538 & 539.

Laford Centre in Cheung Sha Wan, in which the Group has a 40.002% interest, continued to generate recurrent rental income. However, due to unfavourable market condition, a provision of HK\$48 million was made to reflect the decline in value of the property shared by the Group.

The Group also holds an interest in a power plant in Wuhu, Mainland China. As a result of diminution in investment value of this project, a provision of HK\$17 million was made. In line with the new vision of the Group, the Group is exploring the opportunity of divesting this investment.

After a review of its investment in e-Cell Technologies, Inc., a United States company engaged in the development of broadband communications systems, the Group decided to exit from this investment and subsequently sold all its shareholdings in the company.





## Business Review

### Prospects

With the momentum of Mainland China's economic boom gathering pace, the Group, during the year under review, has directed its business focus to China. Strenuous efforts have been made to build and capture value in the Group's core business areas. Mainland China's economic growth trends further give the Group a strong ground for optimism in building its presence in the Mainland China market.

In 2001 the information industry in Mainland China had total revenues of about US\$82 billion, representing 7.3% of the country's GNP. According to some industry observers, by 2005 this revenue will grow to more than US\$190 billion, or 13.3% of its GNP. The information industry will grow to become the largest industry in Mainland China.

Another high-growth area in the China market is its real estate sector, which greatly benefits from the Chinese government's policies to stimulate domestic demand and encourage investment, and has become an important driving force of the Chinese economy. According to the National Bureau of Statistics, funding for real estate development soared 29.7% year-on-year to RMB485.7 billion in the first 11 months of 2001 while real estate investment accounted for more than 20% of the country's fixed asset investment.

The growth strategy of the Group by developing its core competencies in business parks and residential developments and complementary technology services, goes in tandem with Mainland China's growth trends and offers the prospect of significant and growing profits.

VSBP is the Group's beachhead in establishing a pan-China network of business parks. Through this network that will comprise full-serviced business parks in strategic locations of major China cities, the Group helps multinational companies to set up their businesses in Mainland China while helping local Chinese enterprises to venture into the world market.

The Group's real estate developments will also benefit from the Chinese government's results-oriented policies for urbanisation, building quality housing and importation of world-class real estate facilities to attain its 10-year development goal of increasing 5.5 to 6 billion square metres of housing floor space, or 70 million sets of houses (source: Chinese Real Estate Association).



## Business Review

The segments of the information industry in which the Group and its partners are most actively involved are data communications, IT software, IT services and Internet data centres. Together these segments generated revenues of US\$11 billion in 2001, and are expected to grow to US\$34 billion by 2005 — a compound annual growth rate of 32%.

These developments put the Group in a most advantageous position to continue pursuing its business growth in Mainland China. By continuing to broaden its service range and to maintain its strong customer focus, the Group is set to leverage the many benefits that its growth strategy and core competencies will deliver.