

INTERIM RESULTS

The Board of Directors (“the Board”) of Shanghai Real Estate Limited is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (“the Group”) for the six months ended 30th June 2002, together with comparative figures for the previous corresponding period in 2001. The unaudited interim financial statements for the six months ended 30th June 2002 have been reviewed by the Company’s Audit Committee.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2002

(Amounts expressed in HK\$'000, except for earnings per share)

	Note	For the six months ended 30th June,	
		2002 (Unaudited)	2001 (Unaudited)
Turnover, net	3	358,774	247,378
Cost of sales		<u>(247,165)</u>	<u>(171,466)</u>
Gross profit		111,609	75,912
Selling and distribution expenses		(7,373)	(8,374)
General and administrative expenses		(16,509)	(13,614)
Other Operating income/(expenses)		2,230	(5)
Gain on disposal of discontinued operation	4	<u>872</u>	<u>–</u>
Operating profit		90,829	53,919
Finance income/(expense), net		(671)	(1,570)
Share of net losses of associated companies	5	(81)	(302)
Gain on trading securities		<u>–</u>	<u>526</u>
Profit before taxation		90,077	52,573
Taxation	6	<u>(30,551)</u>	<u>(17,529)</u>
Profit after taxation		59,526	35,044
Minority interests		<u>(3,317)</u>	<u>(1,616)</u>
Net profit for the period		<u>56,209</u>	<u>33,428</u>
Interim dividend	7	<u>Nil</u>	<u>Nil</u>
Earnings per share			
– Basic	8	<u>5.08 cents</u>	<u>3.34 cents</u>
– Diluted	8	<u>5.03 cents</u>	<u>3.31 cents</u>

CONSOLIDATED BALANCE SHEET

As of 30th June 2002

(Amounts expressed in HK\$'000)

	Note	30/6/2002 (Unaudited)	31/12/2001 (Audited)
ASSETS			
Non-current assets			
Fixed assets		162,703	177,776
Investments in associated companies	9	80,572	34,566
Deferred tax assets		161	161
		<u>243,436</u>	<u>212,503</u>
Current assets			
Properties held or under development for sale		722,197	531,027
Inventories		5,013	2,224
Amount due from a related company		–	2,512
Prepayments and other current assets		13,640	80,941
Other receivables		9,768	30,518
Trade receivables, net	10	74,271	82,669
Cash and bank balances	11	486,042	157,861
		<u>1,310,931</u>	<u>887,752</u>
Total assets		<u>1,554,367</u>	<u>1,100,255</u>

	Note	30/6/2002 (Unaudited)	31/12/2001 (Audited)
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	135,893	103,206
Reserves		848,845	491,185
		<u>984,738</u>	<u>594,391</u>
Minority interests		<u>65,726</u>	<u>50,966</u>
Non-current liabilities			
Long-term bank loans		6,744	6,308
Deferred tax liabilities		78,823	49,421
		<u>85,567</u>	<u>55,729</u>
Current liabilities			
Short-term bank loans	13	217,273	35,150
Accounts payable	14	73,864	72,135
Other payables and accruals		60,209	192,629
Provision for taxation		65,378	69,754
Amount due to related companies		–	943
Properties held or under development for sale		–	28,105
Long-term bank loans, current portion		1,612	453
		<u>418,336</u>	<u>399,169</u>
Total equity and liabilities		<u>1,554,367</u>	<u>1,100,255</u>

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2002

(Amounts expressed in HK\$'000)

	Note	2002	2001
Net cash outflow from operating activities		<u>(274,989)</u>	<u>(69,669)</u>
Returns on investments and servicing of finance			
Interest received		730	327
Interest paid		(1,401)	(1,897)
Dividends paid to shareholders		<u>(18,000)</u>	<u>(12,000)</u>
		<u>(18,671)</u>	<u>(13,570)</u>
Taxation			
Tax paid		(1,079)	–
Financial refund received		<u>322</u>	<u>–</u>
		(757)	–
Investing activities			
Increase in investments in associated companies		(23,323)	–
Increase in investments in trading securities		–	(5,511)
Disposal/(purchases) net of fixed assets		1,359	(5,469)
Sales proceeds from discontinued operation		<u>1,690</u>	<u>–</u>
		(20,274)	(10,980)
Net cash outflow before financing		<u>(314,691)</u>	<u>(94,219)</u>

	Note	2002	2001
Financing			
Increase in long-term bank loans, net		436	–
Increase in short-term bank loans, net		183,282	32,854
Proceeds from placings	12	352,371	–
Proceeds from issue of share (through employee share options)	12	392	–
Contributions from minority investors		6,929	–
		<u>543,410</u>	<u>32,854</u>
Increase/(decrease) in cash and cash equivalents		228,719	(61,365)
Effect of foreign exchange rate changes on cash		(696)	632
Cash and cash equivalents, beginning of period		<u>142,452</u>	<u>197,680</u>
Cash and cash equivalents, end of period		<u>370,475</u>	<u>136,947</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts expressed in HK\$'000)

(Unaudited)

	From 1st January, 2002 to 30th June, 2002						Total
	Share premium	Property revaluation reserve	Statutory surplus reserve	Statutory public welfare fund	Retained earnings	Exchange translation reserve	
Beginning of period (Audited)	279,222	10,239	17,933	7,279	176,266	246	491,185
Issue of share	320,076						320,076
Revaluation transfer- out on disposal of Xin Shi		(491)					(491)
Net Profit					56,209		56,209
Dividends					(18,000)		(18,000)
Translation differences						(134)	(134)
Bal.@30/6/2002 (Unaudited)	599,298	9,748	17,933	7,279	214,475	112	848,845

	From 1st January, 2001 to 30th June, 2001						Total
	Share premium	Property revaluation reserve	Statutory surplus reserve	Statutory public welfare fund	Retained earnings	Exchange translation reserve	
Beginning of period (Audited)	266,628	7,562	13,382	6,172	114,214	234	408,192
Dividend for year 2001					(12,000)		(12,000)
Net profit for the period	-	-	-	-	33,428	-	33,428
Translation differences	-	-	-	-	-	396	396
Bal.@ 30/6/2001 (Unaudited)	266,628	7,562	13,382	6,172	135,642	630	430,016

The accompanying notes are an integral part of this consolidated financial statement.

NOTES TO THE ACCOUNTS:

(Amounts expressed in HK\$'000 unless otherwise stated)

1. Accounting policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties. They have been prepared in accordance with Statement of Standard Accounting Practice 25 (SSAP 25) Interim Financial Reporting. The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st December 2001.

2. Segment Information

The group conducts the majority of its business activities in the PRC. Its operations are classified under three principal business segments: property development, property leasing and sale of hi-tech products. There are no significant inter-segment transactions and an analysis of revenue and results, by business segments is as follows:

	For the six months ended 30th June 2002				
	Property development	Property leasing	High-tech	Unallocated	Total
Revenue					
To external customers	322,204(NI)	–	36,570	–	358,774
Results					
Segment result	90,011(NI)		7,239	–	97,250
Gain on disposal of discontinued operation	872	–	–	–	872
Unallocated corporate expense	–	–	–	(7,293)	(7,293)
Operating profit (loss)	90,883	–	7,239	(7,293)	(90,829)
Interest expense	–	–	–	(1,401)	(1,401)
Interest income	–	–	–	730	730
Share of net loss of associates	(81)	–	–	–	(81)
Income tax expense	(29,532)	–	(1,019)	–	(30,551)
Minority interest	(3,006)	–	(311)	–	(3,317)
Net profit (loss)	58,264	–	5,909	(7,964)	56,209

For the six months ended 30th June 2001

	Property development	Property leasing	High-tech	Unallocated	Total
Revenue					
To external customers	216,314	642	30,422	–	247,378
Results					
Segment result	53,593	(10)	5,831	–	59,414
Unallocated corporate expense	–	–	–	(5,495)	(5,495)
Operating profit (loss)	53,593	(10)	5,831	(5,495)	53,919
Interest expense	–	–	–	(1,897)	(1,897)
Interest income	–	–	–	327	327
Share of net loss of associates	(164)	(138)	–	–	(302)
Gain on trading securities	–	–	–	526	526
Income tax expense	(17,529)	–	–	–	(17,529)
Minority interest	(1,411)	6	(211)	–	(1,616)
Net profit (loss)	34,489	(142)	5,620	(6,539)	33,428

(NI) Revenue and operating profit of property development included sales of a parcel of land located in Hainan Province PRC amounting to approximately HK\$47,143,000 and HK\$17,600,000 respectively.

3. Turnover

	For the six months ended 30th June,	
	2002	2001
Sale and pre-sale of properties held or under development	290,749	223,815
Sale of a parcel of land located in Hainan Province, PRC	47,143	–
Sale in relation to supply of hardware and installation of intelligent home equipment	36,289	30,636
Rental income from investment properties	–	683
	<u>374,181</u>	<u>255,134</u>
Less: Business tax and surtaxes (Note (i))	(15,729)	(11,596)
Add: Financial refund (Note (ii))	322	3,840
	<u>358,774</u>	<u>247,378</u>

Note (i) The Group is subject to business tax (“BT”) at 5% on the revenue from the sale/pre-sale of properties and rental income.

In addition to BT, some subsidiaries are subject to the following surtaxes:

- City development tax, a tax levied at 7% of BT or Value-Added Tax (“VAT”);
- Education supplementary tax, a tax levied at 3% of BT or VAT.

Note (ii) Based on documents issued by the local authorities, Cosco-Xin Dong, Trans Ocean Construction and Well Real Estate are entitled to a tax refund equal to 30%, 30% and 35% of BT paid respectively. Cosco-Xin Dong enjoyed such tax refund till August 2000 while no specific expiry date has been mentioned for the tax refund being enjoyed by Trans Ocean Construction and Well Real Estate. Based on Circular Guofa (2000) 2 issued in January 2000, the above financial refund would require approval from the State authority. Otherwise, it may cease to be available to the companies effective January 1, 2000. As these companies have not received relevant approvals for such refunds, they are recognized on a cash basis.

4. Gain on disposal of discontinued operation

On 7th February, 2002, the company's subsidiary - Xin Shi entered into a compensation agreement with the local government. The land, on which the investment properties of Xin Shi were located, was required by the local government for infrastructure purposes. The Group's cost of investment (after net off revaluation reserves of HK\$490,851) of the investment properties amounted to HK\$818,130 and the relevant compensation amounted to HK\$1,690,407. Therefore the gain on disposal of discontinuing operation of Xin Shi amounted to HK\$872,277.

5. Share of net losses of associated companies

Share of net losses of associated companies is mainly due to amortization of goodwill relating to Shanghai Orda Opto-electronics Science and Technology Co. Limited, which amounted to HK\$164,000.

6. Taxation

	For the six months ended 30th June,	
	2002	2001
Current	1,079	28
Deferred taxation	29,472	17,501
	<u>30,551</u>	<u>17,529</u>

The Group conducts a significant portion of its business in the PRC and the applicable enterprise income tax ("EIT") rate of its subsidiaries operating in the PRC is generally 33% other than Housing Technology, a sino-foreign equity joint venture, which is engaged in manufacturing and thus entitled to full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years commencing from the first profitable year of operation after offsetting all tax losses carried from previous years (at most five years). 2000 and 2001 were the first and second profitable year of operation for Housing Technology whilst 2002 is the third profitable year of operation thus subject to 50% EIT.

7. Dividend

The Board had resolved not to declare an interim dividend for the six months ended 30th June, 2002 (2001: Nil)

8. Earning Per Share

The calculation of earnings per share was based on the consolidated net profit of HK\$56,209,000 (2001: HK\$33,428,000) and the weighted average number of 1,105,944,451 shares (2001: 1,000,000,000 shares) in issue during the period.

The calculation of diluted earnings per share was based on the consolidated net profit of HK\$56,209,000 (2001: HK\$33,428,000) and the diluted weighted average number of approximately 1,116,498,225 shares (2001: approximately 1,011,228,800 shares) in issue during the period. Earnings per share was calculated after taking into account the outstanding share options as of 30th June, 2002. The effect the dilutive potential ordinary shares resulting from the outstanding share options on the weighted average number of shares in issue during the period was approximately 10,553,774 shares (2001: 11,228,800 shares), which were deemed to be issued at no consideration as if all outstanding share options have been exercised on the date the options were granted.

9. Investments in associated companies

The increase in investment in associated companies is mainly in relation to the acquisition of 27% stake of Lok Wah Real Estate Company Limited. Lok Wah Real Estate Company Limited owns a piece of land for the development of Golden Magnolia Plaza Phase II in Shanghai.

10. Trade Receivables, Net

Ageing analyses of accounts receivable as of 30th June, 2002 and 31st December, 2001 are as follows:

	2002	2001
Ageing		
– 0-360 days	63,144	65,165
– 361-720 days	11,142	17,519
	<u>74,286</u>	<u>82,684</u>
Less: Provision for bad and doubtful debt	(15)	(15)
	<u>74,271</u>	<u>82,669</u>

11. Cash and Bank Balances

Analysis of Cash and Bank Balances as of 30th June, 2002 and 31st December, 2001 and as follows:

	2002	2001
Cash and cash equivalents	370,475	142,452
Restricted bank deposits (N2)	115,567	15,409
	<u>486,042</u>	<u>157,861</u>

- (N2) As at 30th June 2002, a fixed deposit of HK\$100,000,000 was pledged to support the company's subsidiaries' borrowing of RMB loans for the property projects in Shanghai. The tenor is annual renewal basis from the issuance date of the standby letter of credit. The balance of HK\$15,567,000 have also been restricted. (see note 15)

12. Share Capital

On 21st March 2002, the controlling shareholder, Good Time Resources Limited, had successfully placed 100,000,000 shares to a number of independent third parties at a price of HK\$0.99 per share and 100,000,000 new shares had been allotted to Good Time Resources Limited on 3rd April 2002.

On 30th May 2002, the controlling shareholder, Good Time Resources Limited, had successfully placed 226,000,000 shares to a number of independent third parties at a price of HK\$1.18 per share and 226,000,000 shares had been allotted to Good Time Resources Limited on 11st June, 2002.

During the six-month ended 30th June, 2002, a total of 870,000 shares were issued on exercise of employee share options.

All the above-mentioned shares issued rank pari passu in all respects with the existing shares in issue.

13. Short-Term Bank Loans

As of 30th June, 2002 the short-term bank loans were mainly denominated in RMB and due within one year.

14. Account Payable

The age of the Group's accounts payable are all less than one year.

15. Contingent Liabilities

In respect of certain of the Group's properties for sale, Cosco-Xin Dong, Well Real Estate, Trans Ocean Construction and Tranceocean Development assisted buyers in obtaining mortgage loans from banks. These companies are obliged to assist buyers complete mortgage procedures and will stand as guarantor prior to the submission of property title by the buyer to the lender banks for mortgage purposes. As of 30th June, 2002, the outstanding guarantees amounted to approximately HK\$451 million (31st December, 2001: HK\$316 million). In addition, part of the Group's Bank deposits amounting to approximately HK\$15,567,000 (31st December 2001: HK\$15,409,000) have been restricted. (See Note 11).

BUSINESS REVIEW

The Group's unaudited consolidated net turnover for the period ended 30th June 2002 was HK\$358,774,000, an increase of 45% from the corresponding period of last year. Profit attributable to shareholders amounted to HK\$56,209,000, an increase of 68.1% from the corresponding period of last year.

Liquidity and Capital Resources

The Group's liquidity position has been consistently sound. Cash and bank balances amounted to HK\$486 million as at 30th June 2002 (31st December 2001: HK\$157.9 million).

Regarding financing, on 21st March 2002, the Company had successfully placed 100,000,000 shares at a price of HK\$0.99 and the net proceeds was HK\$94.9 million. In addition, on 30th May 2002, the Company had successfully placed 226,000,000 shares at a price of HK\$1.18 and the net proceeds was HK\$257.5 million. Hence, the total net proceeds from two placements amounted to HK\$352.4 million.

Working capital (net current assets) of the Group as at 30th June 2002 reached HK\$892.6 million, an increase of 82.7% as compared with that of 31st December 2001. The current ratio was at a healthy level of 3.1 (31st December 2001: 2.2) and quick ratio at 1.4 (31st December 2001: 1.0). At 30th June 2002, the Group had short-term bank loans totaling HK\$ 217.3 million (31st December 2001: HK\$35.1 million) and long-term bank loans totaling HK\$ 8.4 million (31st December 2001: HK\$6.8 million).

As at 30th June 2002, the Group's net debt to shareholders equity ratio remained at zero whereas the Group's total liabilities to shareholders equity decreased to 0.51 (31st December 2001: 0.76). Total liabilities of the Group amounted to HK\$503.9 million (31st December 2001: HK\$454.9 million).

Management is comfortable that existing financial resources and bank facilities will be sufficient for existing expansion plans. Should other opportunities arise requiring additional funding, management also believes that the Group is in a good position to obtain financing on favorable terms.

Four Existing Oasis Brand Garden Estates had achieved Remarkable Sales

Following the buoyant real estate market in Shanghai, the Group's real estate business had been developing continually in the first half of 2002. In addition, the Group awarded the "Chinese enterprise with grade AAA in terms of quality, services and reputation" as conferred by Chinese Market Research Center.

During the first six months of 2002, a total gross floor area of approximately 66,286 sq.m. had been sold, representing an increase of 29.7% from the corresponding period of last year.

Contracted sales of City Oasis Garden Phase III amounted to 10,430 sq.m.; contracted sales of Bauhinia Oasis Garden high-rise achieved 13,986 sq.m; Beverly Oasis Garden Phase II started sales in April 2002 plus the sales of Phase I amounted 13,928 sq.m. and sales of Long Island Oasis Garden Phase II namely Selina Garden which comprises of townhouses started pre-sales in June 2002 which achieved overwhelming response plus contracted sales of Phase I terrace houses amounted to 27,942 sq.m.

Smooth Development of Real Estate Projects Recently Engaged by the Group Oasis Mayfair Garden Project

On 29th May, 2002, the Group entered into a Sale and Purchase of Shares Agreement and Shareholders' Agreement with Anderson Land Limited. By virtue of these agreements, the Group engaged in the development of Oasis Mayfair Garden Project located at the heart of Shanghai near "Xin Tian Di" Leisure Center. Residents are being relocated and pre-development works have started for the project.

Shanghai Nanhui Hangtou Township Project

Incorporated in May 2002, Shanghai Nanhui Hangtou Golf Land Company Limited had obtained the "Qualified Real Estate Developer Certificate" issued by the Shanghai Real Estate Bureau for the development of the project. Phase I of the project covers a land area of 3 sq. km and is undergoing detailed town planning and design and pre-development preparatory works have started.

Golden Magnolia Plaza Phase II Project

The Town Planning Department of Shanghai Municipal and District Government had reviewed, revised and refined the original design scheme with the objectives of maximizing its effectiveness and making it the landmark of Shanghai.

Historical Breakthroughs Achieved in Real Estate Operation of the Group

Apart from real estate development, the Group also achieved breakthroughs in real estate operation in the first half of 2002 and began to generate revenue and profits. Real estate operation is an integral part of the consolidated real estate development and operation business. The subsidiary of the Group is one of the few enterprises qualified to engage in property development. With the increase in land bank, and in particular, the participation of the Group in the development of the new towns under the “One City Nine Towns” program in Shanghai and tasked with certain government functions in respect of land development, real estate development and operation will become one of the important source of income. The business of land development and operation will not affect the long-term profitability of the Group. On the contrary, it can maximize the Group’s profitability in view of the actual market conditions.

Continuous Development of Housing Technology

The Group and Shanghai Real Estate Development Bureau jointly established Shanghai Trans-Ocean Housing Technology Company Limited. In 1999, the Company initiated the intelligent home concepts, developed integrated broadband network solution for residential estates.

In 2001, the Group completed Mingren HuaYuan, the first broadband intelligent home project which was awarded as the honored demonstrative project by Shanghai and National Construction Departments. The Secretary General, Mr Jiang Zemin and other leaders visited Mingren HuaYuan and endorsed the operation of the intelligent home networking system. Shanghai Trans-Ocean Housing Technology Company Limited has been developing rapidly and its intelligent home network projects and project infrastructure works are progressing smoothly.

As at end of June 2002, the Group had completed broadband network installation for 310 residential estates, of which 193 residential estates became operational for broadband services, an increase of 89.2% over that at the end of 2001. About 164,000 households were covered, an increase of 115.8% over the number covered as at the end of 2001.

As at 30th June 2002, sales reached to HK\$36,570,000, representing an increase of 20.2% over the corresponding period of last year. Net profit amounted to HK\$5,909,000, an increase of 5.1% over the corresponding period of last year.

BUSINESS PROSPECTS AND OUTLOOK

Steady Upward Trend of Centaline Shanghai Index

According to the information published by Centaline Shanghai Index Office, the Consolidated Property Index for Shanghai as at end of June 2002 stood at 823, representing an increase of 46 points or 6% over end of last year. Of which the Residential Property Index was 778, an increase of 47 points or 6.4% over end of last year. In the first half of 2002, the average price of commodity residential housing was RMB3,610 per sq.m., representing an increase of RMB219 or 6.45% over the same period last year. The average price of pre-sale commodity residential housing was RMB4,628 per sq.m., representing an increase of RMB540 or 11.67% over the same period last year.

Increased Investment and Sales Volume of Shanghai Property Market

In the first half of 2002, real estate development of and investment in Shanghai totaled RMB35.5 billion, or an increase of 45.3% over the same period last year. The floor area of commodity housing under newly launched and completed projects were respectively 11.2% and 9% higher than the same period last year. The floor area of the approved pre-sale commodity housing in Shanghai reached 11.3868 million sq.m., representing an increase of 129% over the same period last year. The floor area of commodity housing actually pre-sold and registered at the Property Exchange Center hit 12.30 million sq.m., representing an increase of nearly 50% over the same period last year. It is also slightly higher than the floor area of the approved pre-sale commodity housing. Second-hand real estate market also became active and property-in-stock was further digesting. The floor area of registered commodity housing for sale was 11.95 million sq.m., representing an increase of 20% over the same period last year. It is expected that the floor area of commodity housing for sale will exceed 20 million sq. m. for the first time by the end of 2002. Abolishment of “blue-stamp households” has no real impact on the Shanghai real estate market. On the contrary, Shanghai real estate price and volume are still increasing. With the implementation of “Shanghai resident card” policy, Shanghai real estate development and sales had been rising both in terms of price and volume.

Formation of a “Healthy, Orderly and Standardized” Property Market

In the first half of 2002, the Shanghai property market operated in a “healthy, orderly and standardized” manner. The trend was moving towards more commercialization, localization and up-market. The market continued to be driven by the strong purchasing power of individuals with a high buying rate of 98.5%. The market was also underpinned by the fact that 85% of the purchases were made by people from other provinces and foreign countries who have chosen to work and live in Shanghai. Thirdly, up-market units continued to be the most preferred among buyers. Of the pre-sale commodity housings, mid-to-high-end units selling at RMB5,000-7,000 per sq.m. accounted for 22% of the total sales volume, representing an increase of 6.14% over the same period last year. Units with floor area of over 100 sq.m. made up 79.9% of the total sales, representing an increase of 2.7% over the same period last year.

Shanghai Suburban Area Development is accelerating

Shanghai Suburban Area Development Plan indicates that urbanization at suburban area will be increased from 45% to 75%, representing an increase of population from 5.8 million to 8.0 million of which urban population will account for 6.0 million. The Plan also reveals that 100 new towns and counties will be developed in the suburb area beyond the outer-ring of Shanghai City utilizing around 900 sq.km. of land. The plan opens up a new chapter and offers huge room for future expansion and development in the Shanghai property market.

Rapid Development of Infrastructure Works in Shanghai

During the period of the “Tenth Five-year Plan” which ends in 2005, emphasis is placed on the streamlining of traffic infrastructure and major efforts are made to develop railroad systems. It is planned that around RMB100 billion will be invested for such purposes. The “Cross and Ring” road system, which combines the Metro, light rail and magnetic suspension train covering a length of 212 miles, has been basically completed, as is the skeleton of the multi-directional transportation network stretching all over the city. This master plan provides strong support to the real estate industry and development of the commodity housing, which is one of the six pillar industries.

Demand for Technology Content of Commodity Housing is increasing

With the continuous and sustained growth of the Shanghai economy, demand for higher living standards and cultural elements will necessitate new demand for technology content of commodity housing. More new housing developments will be installed with intelligent home systems through the computer network and broadband connection to provide services including security, communications, audio-visual information, burglary alarms, property management, etc. Such facilities will play an important role in determining the status of the commodity housing.

With the macro-economic control by Shanghai Municipal Government, sustainable real estate development, approaching of GDP per capita of US\$7,500, continual betterment of living standard in Shanghai, speedy development in transportation infrastructure and public greenery area, as well as the increasing percentage of commodity housing acquired by non-local and foreign individuals, the Group believes that there is still relatively plenty of room for both expansion and price appreciation in the Shanghai property market.

The Group, with firm belief in sustainable development, shall continue to capitalise on the OASIS brand and concentrate on expanding and developing the property market in Shanghai. We shall also build on the existing strengths, take advantage of the massive land bank which are promising both in terms of development prospect and value appreciation, and the experience gained in housing technology, in order to develop properties catered for the mass public yet with high quality. This will enable us to seize any opportunity arising, enhance our market competitiveness, maintain a high profit margin and rapid growth in profitability.

DIRECTORS' INTERESTS IN SECURITIES

As of 30th June 2002, the interests of Directors in the issued share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of interests) Ordinance (the "SDI Ordinance") were as follows:

Director	Number of Shares beneficially held			
	Personal Interest	Note	Corporate Interest	Note
Mr. Shi Jian	2,000,000	(2)	465,000,000	(1)
Ms. Si Xiao Dong	2,000	(2)	465,000,000	(1)
Mr. Chen Zheng Liang	2,000	(2)	37,500,000	(3)
Mr. Li Yao Min	1,000,000	(2)	37,500,000	(3)
Mr. Yu Hai Sheng	1,000,000	(2)	37,500,000	(3)
Mr. Shi Jian Dong	2,000	(2)	37,500,000	(3)
Mr. Sze Sin Chi	2,000	(2)	37,500,000	(3)

Notes:

- (1) These 465,000,000 shares are held by Good Time Resources Limited, a company incorporated in the British Virgin Islands in which Mr. Shi Jian and his wife, Ms. Si Xiao Dong, together beneficially own 62% of its issued share capital.
- (2) These shares are held by directors through the exercise of options on 3rd December 2001 (which were granted on 24th December 1999).
- (3) The Director holds 5% of the shares in Good Time. Therefore the five Directors of the Company in aggregate holds 25% of the shares in Good Time Resources Limited.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

As at 30th June, 2002, all Directors had no personal interests in respect of options granted by the Company. In addition, at no time during the period was the Company or its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As of 30th June, 2002, the following entity had registered an interest in 10% or more of the issued share capital of the Company:

Name	Number of issued shares	Percentage holding
Good Time Resources Ltd.	750,000,000	55.19%

Save as disclosed above, no other person was recorded in the register kept by the Company under section 16(1) of the SDI Ordinance as having an interest of 10% or more of the issued share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30th June 2002.

AUDIT COMMITTEE

The Audit Committee and the external auditors have reviewed with management this unaudited financial statements, the accounting principles and practices adopted by the Group.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June, 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

On behalf of the Board

Shi Jian

Chairman

Hong Kong, China, 28th August 2002

LIST OF PROPERTIES

Property name	City Oasis Garden	Bauhinia Oasis Garden	Beverly Oasis Garden	Long Island Oasis Garden	Oasis Mayfair Garden
Address	Phase 1 and 2: Nos. 2-19, 1118 Alley and Nos. 2-18, 1155 Alley, Jiao Zhou Road, Pu Tuo District, Shanghai, the PRC Phase 3 : Jiao Zhou Road, Pu Tuo District, Shanghai, the PRC	Phase 1, 2 and 3: No. 289 Ou Yang Road, Hong Kou District, Shanghai, the PRC	Phase 1: No. 336 Alley, Ming Hua Road, Xin Qiao Town, Song Jiang District, Shanghai, the PRC Phase 2: Qing Zheng Village, Xin Qiao Town, Song Jiang District, Shanghai, the PRC	Bei Chang Village; Jiu Ting Town, Song Jiang District, Shanghai, the PRC	Lot 222, Madang Road, No. 39, Jie Fang, Luwan District, Shanghai, the PRC
The stage of completion as of 30/06/2002	Phase 1 and 2: 100% Phase 3: 100%	Phase 1 and 2: 100% Phase 3: 100%	Phase 1: Developed portion 352 villas and a clubhouse 100% Phase 2: 50%	Phase 1: 100% Phase 2: 50%	Residents are being relocated and pre-development works have started
Expected completion date	Phase 1 and 2: N/A Phase 3: N/A	Phase 1 and 2: N/A Phase 3: N/A	Phase 1 developed: N/A Phase 2: Dec. 2003	Phase 1: N/A Phase 2: Dec. 2003	December 2003
The existing use	Residential	Residential	Residential	Residential	Residential
Site area (sq.m.)	Phase 1 and 2: 38,312 Phase 3: 14,631	Phase 1 and 2: 34,657 Phase 3: 16,256	Phase 1: 490,562 Phase 2: 509,438	Phase 1: 209,121 Phase 2: 276,479	14,651
Total gross floor area (sq.m.)	Phase 1 and 2: 82,796 Phase 3: 32,815	Phase 1 and 2: 85,525 Phase 3: 61,093	Phase 1: 115,110 Phase 2: 135,000	Phase 1: 96,587 Phase 2: 127,000	50,000
The percentage interest in the property	49%	98%	97.5%	95%	51.48%
Retained right to develop an additional plot of land	N/A	N/A	500 mu (equivalent to 333,000 sq.m.)	520 mu (equivalent to 346,320 sq.m.)	N/A

CORPORATE INFORMATION

Board of Director

Shi Jian (*Chairman & President*)
Chen Zheng Liang (*Vice-Chairman*)
Si Xiao Dong
Li Yao Man (*Vice-president*)
Yu Hai Sheng (*Vice-president*)
Shi Jian Dong
Sze Sin Chi
Cheung Wing Yui*
Wang Ru Li*
Sang Rong Lin**
Yeung Kwok Wing**

* Non-executive Directors

** Independent Non-executive Directors

Authorized Representatives

Shi Jian
Li Yao Man

Company Secretary

Chow Chiu Chi MBA, ACMA, FHKSA

Legal Advisers

Hong Kong : Woo, Kwan, Lee & Lo
Bermuda : Conyers Dill &
Pearman
PRC : Jingtian Associates

Auditor

PricewaterhouseCoopers

Principal Bankers

Hong Kong: Bank of China (HK) Ltd.
Citic Ka Wah Bank Limited

PRC: The Agricultural Bank of China,
Shanghai Jingan Branch
The industrial and Commercial Bank of
China Huangpu Branch

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Hong Kong Office

36th Floor, Times Tower
391-407 Jaffe Road
Wan Chai, Hong Kong

Principal Registrar and Transfer Office

Butterfield Corporate Service Ltd
Rose Bank Centre
11 Bermudiana Road
Pembroke, Bermuda

Hong Kong Branch Registrar and Transfer Office

Tengis Limited
Share Registration
4/F, Hutchison House
10, Harcourt Road
Central, Hong Kong

Stock Code

1207

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