



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 2003, together with comparative figures for the previous corresponding period in 2002. The unaudited interim financial statements for the six months ended 30th June 2003 have been reviewed by the Company’s Audit Committee.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2003

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

	Note	For the six months ended 30th June,	
		2003 (Unaudited)	2002 (Unaudited)
Turnover, net	3	318,024	358,774
Cost of sales		(224,086)	(247,165)
Gross profit		93,938	111,609
Distribution expenses		(7,521)	(7,373)
Administrative expenses		(23,126)	(16,509)
Other Operating (expenses)/income		(1,103)	2,230
Gain on disposal of discontinued operation		-	872
Operating profit		62,188	90,829
Finance gains/(costs), net		1,592	(671)
Share of net losses of associated companies		(425)	(81)
Profit before taxation		63,355	90,077
Taxation	4	(24,580)	(30,551)
Profit after taxation		38,775	59,526
Minority interests		(837)	(3,317)
Profit attributable to shareholders		37,938	56,209
Interim dividend	5	Nil	Nil
Earnings per share			
– Basic	6	2.8 cents	5.08 cents
– Diluted	6	2.8 cents	5.03 cents

CONSOLIDATED BALANCE SHEET

As of 30th June 2003

(Amounts expressed in HK\$'000)

	Note	30/6/2003 (Unaudited)	31/12/2002 (Audited)
ASSETS			
Non-current assets			
Fixed assets		178,676	176,879
Interests in associated companies	7	161,892	84,741
Deferred tax assets		89	113
		340,657	261,733
Current assets			
Properties held or under development for sale		1,130,443	866,637
Inventories		3,947	4,755
Advances to related companies	8	2,469	11,859
Prepayments and other current assets		78,340	82,095
Other receivables		42,520	34,374
Accounts receivables, net	9	73,892	104,553
Cash and bank balances	10	580,782	591,241
		1,912,393	1,695,514
Total assets		2,253,050	1,957,247

	Note	30/6/2003 (Unaudited)	31/12/2002 (Audited)
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	135,463	135,293
Reserves		889,917	878,401
		1,025,380	1,013,694
Minority interests			
		162,939	60,662
Non-current liabilities			
Long-term bank loans		494,664	219,155
Deferred tax liabilities		60,968	43,375
		555,632	262,530
Current liabilities			
Short-term bank loans	12	152,926	171,578
Accounts payable	13	61,637	86,051
Other payables and accruals		62,580	57,383
Taxation payable		72,024	130,504
Advances from related companies		–	81,357
Properties held or under development for sale		–	36,245
Long-term bank loans, current portion		159,932	57,243
		509,099	620,361
Total equity and liabilities		2,253,050	1,957,247

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts expressed in HK\$'000)

(Unaudited)

From 1st January, 2003 to 30th June, 2003

	Statutory						Total
	Property	Statutory	public	Exchange	Retained		
	Share Revaluation premium	surplus reserve	welfare fund	translation reserve			
Beginning of period (Audited)	595,064	9,701	29,414	12,118	(30)	232,134	878,401
Shares issued (Note 11)	735	-	-	-	-	-	735
Profit attributable to shareholders	-	-	-	-	-	37,938	37,938
Dividends	-	-	-	-	-	(26,957)	(26,957)
Currency translation differences	-	-	-	-	(200)	-	(200)
Balance as at 30/6/2003 (Unaudited)	595,799	9,701	29,414	12,118	(230)	243,115	889,917

From 1st January, 2002 to 30th June, 2002

	Statutory						Total
	Property	Statutory	public	Exchange	Retained		
	Share Revaluation premium	surplus reserve	welfare fund	translation reserve			
Beginning of period (Audited)	279,222	10,239	17,933	7,279	246	176,266	491,185
Shares issued	320,076	-	-	-	-	-	320,076
Revaluation transfer-out on disposal of Xin Shi	-	(491)	-	-	-	-	(491)
Profit attributable to shareholders	-	-	-	-	-	56,209	56,209
Dividends	-	-	-	-	-	(18,000)	(18,000)
Currency translation differences	-	-	-	-	(134)	-	(134)
Balance as at 30/6/2002 (Unaudited)	599,298	9,748	17,933	7,279	112	214,475	848,845

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2003

(Amounts expressed in HK\$'000)

	Note	2003	2002
		(Unaudited)	(Unaudited)
Operating activities			
Net cash (outflow) inflow generated from operations	14	(229,294)	(274,989)
Interest paid		(15,229)	(1,401)
Overseas taxation paid		(47,830)	(757)
Net cash (outflow) inflow from operating activities		(292,353)	(277,147)
Investing activities			
Purchases of fixed assets (net off disposal)		(4,551)	1,359
Interest received		2,030	730
Cash received from disposal of a subsidiary		-	1,690
Increase in investments in associated companies		(77,576)	(23,323)
		(80,097)	(19,544)
Net cash outflow before financing		(372,450)	(296,691)
Financing activities			
Proceeds from issuance of ordinary shares		905	352,763
Contributions from minority investors		101,440	6,929
Increase (decrease) in short-term bank loans, net		(18,652)	183,282
Increase in long-term bank loans, net		378,198	436
Dividends paid to shareholders		(26,957)	(18,000)
		434,934	525,410
Increase/(Decrease) in cash and cash equivalents		62,484	228,719
Effect of foreign exchange rate changes		(199)	(696)
Cash and cash equivalents, beginning of period	10	492,744	142,452
Cash and cash equivalents, end of period	10	555,029	370,475

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. Principal 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 2002.

2. Business segment information

The group conducts the majority of its business activities in the PRC. Its operations are classified under two principal business segments: property development, and sale of hi-tech products and services. 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 2003			
	Property development	High-tech	Unallocated	Total
Revenue				
To external customers	278,340	39,684 ^(N1)	-	318,024
Results				
Segment result	66,187	4,223 ^(N1)	-	70,410
Unallocated costs	-	-	(8,222)	(8,222)
Operating profit (loss)	66,187	4,223	(8,222)	62,188
Interest expense	-	-	(438)	(438)
Interest income	-	-	2,030	2,030
Share of net loss of associated companies	(425)	-	-	(425)
Taxation	(23,678)	(902)	-	(24,580)
Minority interest	(671)	(166)	-	(837)
Profit (loss) attributable to shareholders	41,413	3,155	(6,630)	37,938

For the six months ended 30th June 2002

	Property			Total
	development	High-tech	Unallocated	
Revenue				
To external customers	322,204 ^(N2)	36,570	-	358,774
Results				
Segment result	90,011 ^(N2)	7,239	-	97,250
Gain on disposal of discontinued operation	872	-	-	872
Unallocated costs	-	-	(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 associated companies	(81)	-	-	(81)
Taxation	(29,532)	(1,019)	-	(30,551)
Minority interest	(3,006)	(311)	-	(3,317)
Profit (Loss) attributable to shareholders	58,264	5,909	(7,964)	56,209

(N1) Revenue and operating profit of high-tech business which are contracted billings related to low voltage electrical networks for an associated company namely Shanghai Jinluodian Real Estate & Development Co., Ltd. amounting to HK\$12,896,000 and HK\$3,095,000 respectively.

(N2) 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,	
	2003	2002
Sale and pre-sale of properties held or under development	293,219	290,749
Sale of network hardware and installation of intelligent home equipment and services	39,869	36,289
Sale of a parcel of land located in Hainan Province, PRC	-	47,143
	333,088	374,181
Less: Business tax and surtaxes (Note (i))	(15,064)	(15,729)
Add: Financial refund	-	322
Net	318,024	358,774

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.

4. Taxation

	For the six months ended 30th June,	
	2003	2002
Current – PRC taxation	6,959	1,079
Deferred taxation	17,621	29,472
	24,580	30,551

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 Shanghai Trans-Ocean Housing Technology Co., Ltd, 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). Meanwhile, Housing Technology is established in the old urban district of a city with technological economic development zone and the EIT rate is 27%. 2003 was the fourth profitable year of operation for Shanghai Trans-Ocean Housing Technology Co., Ltd .and the applicable EIT rate was 13.5%.

The Company is exempted from taxation in Bermuda until 2016. There were also no Hong Kong profits tax liabilities, as the Group did not have any assessable profit in Hong Kong.

5. Dividend

The Board had resolved not to declare an interim dividend for the six months ended 30th June, 2003 (2002: Nil).

6. Earning per share

The calculation of earnings per share was based on the consolidated net profit of HK\$37,938,000 (2002: HK\$56,209,000) and the weighted average number of 1,354,443,187 shares (2002: 1,105,944,451 shares) in issue during the period.

The calculation of diluted earnings per share was based on the consolidated net profit of HK\$37,938,000 (2002: HK\$56,209,000) and the diluted weighted average number of approximately 1,354,605,263 shares (2002: approximately 1,116,498,225 shares) in issue during the period. Earnings per share was calculated after taking into account the outstanding share options as of 30th June, 2003. 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 162,076 shares (2002: 10,553,774 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.

7. Investments in associated companies

The increase in investment in associated companies is mainly in relation to Shanghai Jinluodian Real Estate & Development Co., Ltd.

8. Advances to related companies

Advances to related companies is related to an advance to an associated company Shanghai Telecom Broadband Networking Co., Ltd.

9. Accounts receivables, net

Ageing analyses of accounts receivable as of 30th June, 2003 and 31st December, 2002 are as follows:

	2003	2002
Ageing		
0 – 360 days	55,636	70,641
361 – 720 days	9,136	20,030
Over 720 days	9,135	13,897
Less: Provision for doubtful debts	(15)	(15)
	73,892	104,553

10. Cash and bank balances

Analysis of Cash and Bank Balances as of 30th June, 2003 and 31st December, 2002 and as follows:

	2003	2002
Cash and cash equivalents	555,029	492,744
Restricted bank deposits	25,753	98,497
	580,782	591,241

11. Share capital

During the six-month ended 30th June, 2003, a total of 1,700,000 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.

12. Short-term bank loans

As of 30th June, 2003 the short-term bank loans were mainly denominated in RMB and due within one year.

13. Account payable

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

14. Consolidated cash flow statement

- (a) Reconciliation of profit before taxation to net cash (outflow) inflow from operating activities:

(For the six months ended 30th June 2003)

	2003	2002
Profit before taxation	63,355	90,077
Adjustments for:		
Depreciation of fixed assets	2,754	2,060
Gain on disposal of a subsidiary	–	(872)
Share of net losses from associated companies	425	81
Interest income	(2,030)	(730)
Interest expense	332	1,401
Financial rebate received	–	(322)
Operating profit before working capital changes	64,836	91,695
Decrease (Increase) in restricted deposits	72,743	(100,158)
Decrease in accounts receivable	30,661	8,398
(Increase) Decrease in other receivables	(8,146)	20,750
Decrease in prepayments and other current assets	3,755	67,301
Decrease in advances to related companies	9,390	2,512
Increase in properties held or under development for sale	(285,154)	(219,275)
Decrease (Increase) in inventories	808	(2,789)
(Decrease) Increase in accounts payable	(24,414)	1,729
Increase (Decrease) in other payables and accruals	5,197	(139,833)
Decrease in taxation payable	(17,613)	(4,376)
Decrease in advances from related companies	(81,357)	(943)
Net cash (outflow) inflow generated from operations	(229,294)	(274,989)

15. Related party transactions

Revenue of high-tech business included contracted billings in relation to intelligent low voltage electrical networks for an associated company namely Shanghai Jinluodian Real Estate & Development Co. Ltd. amounting to HK\$12,896,000. Please also refer to note 2 (N1) for details.

16. Contingent liabilities

In respect of certain of the Group's properties for sale, Cosco-Xin Dong, Well Real Estate, Trans Ocean Construction, Tranceocean Development and Shanghai Zhu Fu 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, 2003, the outstanding guarantees amounted to approximately HK\$152 million (31st December, 2002: HK\$150 million). Part of the Group's Bank deposits amounting to approximately HK\$13,753,000 (31st December 2002: HK\$13,496,000) have been restricted for this purpose.

BUSINESS REVIEW

The Group's unaudited consolidated net turnover for the period ended 30th June 2003 was HK\$318 million, a decrease of 11.4% from the corresponding period of last year. Profit attributable to shareholders amounted to HK\$37.94 million, a decrease of 32.5% from the corresponding period of last year.

Cash flows

In the first half of 2002, net cash outflow from operating activities amounted to HK\$292.4 million, increased by HK\$15.2 million as compared with the corresponding period of last year. Net cash outflow from operating activities in the period under review was mainly due to (i) capital expenditures relating to Oasis Skyway Garden Hotel and Condominium, Oasis Lakeside Garden, Oasis Mayfair Garden, Oasis Thousand Islands Garden, Oasis Jiang Nan Garden and (ii) tax payment by Shanghai Well Real Estate Co. Ltd.

Net cash outflow in investing activities increased by HK\$60.6 million in the first half of 2003 as compared with the corresponding period of last year, was primarily due to the investment in associated company namely Luodian New Town Site Formation Project.

In the first half of 2003, funds from financing activities amounted to HK\$434.9 million. This is mainly due to (i) successful arrangement of a three-year syndicated loan of HK\$120.9 million (USD 15.5 million) in May 2003; and (iii) the new project subsidiaries of the Group had utilized the bank's credit facilities following the commencement of the project construction.

Liquidity and capital resource

The Group's liquidity position remains sound. Cash and bank balances amounted to HK\$580.8 million as at 30 June 2003. (31 December 2003: HK\$591.2 million). Working capital (net current assets) of the Group as at 30 June 2003 amounted to HK\$1,403.3 million, an increase of 30.5% from 2002 year end. Current ratio was at a healthy level of 3.8x (31 December 2002: 2.7x). At 30 June 2003, the Group had short-term bank loans totaling HK\$312.9 million (31 December 2002: HK\$228.8 million) and long-term bank loans totaling HK\$494.7 million (31 December, 2002: HK\$219.2 million).

As at 30 June 2003, the Group's net debt to shareholders equity ratio reached 0.22x (31 December 2002: 0) whereas the total liabilities to shareholders equity increased to 1.04x (31 December 2002: 0.87). Total liabilities of the Group amounted to HK\$1,064.7 million (31 December 2002: 882.9 million).

Management is comfortable that existing financial resources will be sufficient for future 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.

At 30 June, 2003, the Group had contingent liabilities of HK\$152 million (31 December 2002: HK\$150 million). The contingent liabilities were in respect of guarantees to assist home buyers to obtain mortgage loans from banks and complete mortgage procedures.

Sales of real estates under the brand name "Oasis Garden" remain normal

In the first half of 2003, the three premier property projects namely Oasis Jiang Nan Garden, Oasis Beverly Garden and Oasis Long Island Garden under the Group's "Oasis Garden" brand were released into the Shanghai market. Despite the outbreak of SARS which caused some delay in sales, satisfactory results were recorded. For the six-month period ended 30th June, 2003, gross floor area of approximately 38,784 sq.m. was sold, of which:

- Presales of Oasis Jiang Nan Garden Phase I commenced in May. As at the end of June, gross floor area of 3,960 sq.m. was sold.
- Oasis Beverly Garden Phase I and Phase II recorded sales of 757 sq.m. and 23,674 sq.m. respectively, which totally amounted to 24,431 sq.m..
- Oasis Long Island Garden Phase I and Phase II namely Selina Garden recorded sales of 3,700 sq.m. and 6,693 sq.m. respectively, which amounted to 10,393 sq.m. in total.



Satisfactory progress in real estates under development

Oasis Thousand Islands Garden

Construction of the 24 detached villas built on Lot No.1 of Phase I with a small clubhouse, together with landscaping including the construction of features such as lakes, hill slopes and green belts, was progressing as scheduled. The property was launched in the Second Villa Exhibition of Shanghai in June with good market response. Presale is expected to start within this year.

Oasis Skyway Garden Hotel and Condominium

Phase I construction of two high-rise residential buildings and foundation work for one high-rise service apartment began in February. Formal construction started in May. It is anticipated that construction of the two high-rise residential buildings (18-storey and 32-storey respectively) will reach the sixth floor by the end of this year and put on the market in the first half of 2004. Foundation work for the high-rise service apartment is also expected to be completed within this year.

Luodian New Town Site Formation Project

Demolition of existing structures and site formation in the core scenic area of Phase I with an area of 1.2 sq.km. was in good progress. Construction of infrastructure and amenities including roads, large lake, an international convention centre, North European style avenue, Nobel Park and public utilities such as water, electricity, gas, communication, etc. has also commenced. It is expected that phase 1 of the project completed in time to be offered to the market by tender (or by auction or tender invitation) through the Government Authority before the end of 2003. The rest of the 5.6 sq.km. area of the new town with gardens and a golf course is now in the design and planning stage.

Oasis Lakeside Trade Port

Construction of the commercial and residential buildings for Phase I Development is at the preliminary stage of demolition and clearing. Formal construction will start this year and the property is expected to be available for marketing in 2004.

Oasis Mayfair Garden

Relocation of the existing residents is nearly complete. Preparatory work of the project is ready and formal construction is expected to start in the fourth quarter of this year. The property is expected to be put on the market in 2004.

Further enhancement of the Group's status

Top 50 Real Estate Developers of Shanghai

Following the award for "Oasis Garden" as one of the "Nine most popular property brands in Shanghai" in 2002, the Group has again won the reputation in June 2003 as one of the top 50 Real Estate Developers of Shanghai in terms of operating results, economic strength, development prospects and contribution to the community.

Estate with Special Contribution to Urban View

In the promotion of the China Residential Estate Innovative Trophy 2003, the Oasis Skyway Garden Hotel and Condominium under development and construction by the Group was the only project named "Estate with Special Contribution to Urban View" based on its ten innovative building concepts which adopted the elegant Italian construction style with an inner lake of 3,000 sq.m. at the centre, together with the unique idea of interlocking super high-rise hotel apartments with lakeside clubhouse.

Accredited as the PRC (Shanghai) Model Classic Villa Cluster

In the appraisal activity of "The PRC (Shanghai) Model Real Estate" organized by Association of Real Estate Industry under the Ministry of Construction of the PRC in 2003, the Group's "Oasis Thousand Islands Garden" under construction and development was accredited as the PRC (Shanghai) Model Classic Villa Cluster for its household concept of human-and-nature harmony, architecture of merging green belts, water scenes and buildings, perfect combination of elegant landscape and ancillary facilities, and pioneer in the new mode of villa cluster in Shanghai.

Model Housing Estate in Shanghai of International Quality

In the evaluation of the Top Ten Model Housing Estates in Shanghai of International Quality 2003, Oasis Beverly Garden of the Group won the reputation of the Model Housing Estate of International Quality. The project comprises of extra-large detached deluxe villas and is located in the highly recognized and prestigious district for international villas in Shanghai, together with excellent living condition, plenty of water courses and landscaped area covering 75% of the site.

Change of name of residential housing technology company and putting more effort in urban facility construction

In order to adapt to market development and to further strengthen the infrastructure construction business of the Group, its subsidiary, Shanghai Trans-Ocean Housing Technology Company Limited, was renamed Shanghai Wingo Infrastructure Company Limited (「上海永高建設有限公司」) in June 2003 while its shareholders and shareholding structure and primary business interests remained unchanged.

Business of the subsidiary has been expanded into contracting of construction work, specialized contracting of intelligent building construction, and contracting of urban facility construction, in addition to research and development, production and sale of domestic network equipment and software.

With a change in its name, the business integration of Shanghai Wingo Infrastructure Company Limited has progressed smoothly. With its product development of residential housing technology and the integrated project for the intelligent system such as broadband network, it has been awarded the Grade Three Qualifications in the main contracting of construction, intelligent construction and urban facility construction. It has also established a long term partnership relationship with companies including Shanghai Jian Gong Group (上海建工集團), Echelon (The LonWorks Company) and ACCTON of the USA. Focusing on the Subsidiaries product development business, it has been the main contractor for the provision of intelligent electrical networks and construction services to the Shanghai Baoshan Luodian New Town urban facility construction. The broadband network using VDSL technology now been made available to Company's tenants, and it is expected that the number of subscribers will reach 5,000 by the end of 2003.

BUSINESS PROSPECTS AND OUTLOOK

Recovery of the PRC property market following the containment of SARS

According to statistics published by the State Statistical Bureau published in July 2003, the National Real Estate Booming Index (國房景氣指數) in June rose to above 107 again following a slight decline for three consecutive months, gaining 0.76 point compared with the end of May, and 2.39 points compared with the corresponding period of last year. Surge in the National Real Estate Booming Index after several months of consolidation reflects that the real estate market in the PRC in the post-SARS period has regained its pace of rapid development.

Continued increase in investment in Shanghai real estate market with further contribution

From January to June of 2003, investment in real estate development in Shanghai RMB41.743 billion, representing an increase of 17.5% compared with the corresponding period of last year. Its contribution to fixed asset investment growth of the society as a whole was 32%. The actual value of real estate increased RMB18.166 billion, an increase of 8.1% compared with the corresponding period of last year, and constituted 6.4% of the GDP of Shanghai. Its share of value increase of the tertiary industry rose from 12.7% in the first half of last year to 13.5%, representing an increase of 0.8%. The growth of the value increase of real estate contributed 4.1% to the GDP of Shanghai.

Demand and supply and price index of Shanghai real estates reached record high with lowest vacancy rate

From January to June 2003, completed area of Shanghai commodity property amounted to 6,372,300 sq.m. and sold area of 7,467,500 sq.m.. Both demand for and supply of Shanghai real estates reached record high. Disparity between supply and sales amounted to 1,095,200 sq.m.. The China Property Shanghai City Index reached a record high of 1002 point, representing an increase of 179 points or 21.75% since the beginning of 2003. In a buoyant market that demand outstripping supply, vacancy rates continue to fall. As of the end of June, vacancy rates of commodity property for more than one year in Shanghai amounted to 2,859,500 sq.m., in which vacant space of commodity housing amounted to 1,061,300 sq.m., representing a decrease of 20.9% and was a record low since 1996.

Further market standardization and more stable macro environment

In June 2003, the announcements of “Circular regarding Further Strengthening of the Credit Control Management in respect of Real Estate Business” 《關於進一步加強房地產信貸業務管理的通知》 from the People’s Bank of China and “Regulation regarding Transfer of Government Owned Land Use Right by Agreement” 《協議出讓國有土地使用權規定》 from the Ministry of Land Resources expressed the determination and confidence of the Government in continued standardization and improvement of real estate market development. To those property developers without brand recognition and short operating history, it brings about a crisis of survival. On the other hand, to those established property developers with well-developed brand, such policy provides a more orderly ground for market competition, which will be beneficial for stable development and market dominance.

DIRECTORS’ INTERESTS IN SHARES

As of 30th June 2003, the Directors who had interests or short positions in shares and underlying shares of the Company as recorded in the register required to be kept under Section 352 of Part XV of the Securities and Futures Ordinance (the “SFO”) were as follows:

Director	Personal Interest		Corporate Interest		Percentage of aggregate long position in shares to the issued share capital of the Company as at 30th June, 2003
	Interest	Note	Interest	Note	
Mr. Shi Jian	2,000,000	(b)	471,078,480	(a)	34.92%
Mr. Li Yao Min	1,000,000	(b)	37,990,200	(c)	2.88%
Mr. Yu Hai Sheng	1,000,000	(b)	37,990,200	(c)	2.88%
Mr. Shi Jian Dong	2,000	(b)	37,990,200	(c)	2.80%
Mr. Jiang Xu Dong			7,598,040	(c)	0.56%
The Lord Killern	100,000				0.01%

Notes:

- (a) These 471,078,480 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.
- (b) These shares are held by directors through the exercise of options on 3rd December 2001 (which were granted on 24th December 1999).
- (c) The following directors of the Company in aggregate hold 16% of the shares in Good Time Resources Limited.

Shareholding

Li Yao Min	5%
Yu Hai Sheng	5%
Shi Jian Dong	5%
Jiang Xu Dong	1%

DIRECTORS' RIGHTS TO ACQUIRE SHARES

As at 30th June, 2003, all Directors had not granted any options nor exercised any options.

Save as disclosed above, none of the Directors or chief executive of the Company or any of their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (include interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in The Rules Governing the Listing of Securities on the Stock Exchange, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As of 30th June, 2003, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Nature of Interests	Number of shares	Percentage of aggregate
			long position in shares
			to the issued share capital
			of the Company as at
			30th June, 2003
Good Time Resources Ltd.	Beneficial Interest	759,804,000	56.09%

Save as disclosed above, there was no person, other than a Director or chief executive of the Company, who has an interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company kept under Section 336 of the SFO.

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 2003.

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, 2003, 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 2003

List of Properties

Property name	City Oasis Garden	Bauhinia Oasis Garden	Beverly Oasis Garden	Long Island Oasis Garden
Address	Phases 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	Phases 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
The stage of completion as of 30/6/2003	Phases 1 and 2: 100% Phase 3: 100%	Phases 1 and 2: 100% Phase 3: 100%	Phase 1: 100% Phase 2: 70%	Phase 1: 100% Phase 2: 100%
Expected completion date	Phases 1 and 2: N/A Phase 3: N/A	Phases 1 and 2: N/A Phase 3: N/A	Phase 1: N/A Phase 2: Dec. 2003	Phase 1: N/A Phase 2: N/A
The existing use	Residential	Residential	Residential	Residential
Site area (Sq.m.)	Phases 1 and 2: 38,312 Phase 3: 14,631	Phases 1 and 2: 34,657 Phase 3: 16,256	Phase 1: 490,562 Phase 2: 509,438	Phase 1: 109,388 Phase 2: 99,733 Phase 3: 268,405
Total gross floor area (Sq.m.)	Phases 1 and 2: 79,994 Phase 3: 41,050	Phases 1 and 2: 85,525 Phase 3: 60,916	Phase 1: 115,110 Phase 2: 135,000	Phase 1: 96,587 Phase 2: 45,730 Phase 3: 357,000
The percentage interest in the property	49%	98%	97.5%	97.5%

Property name	Oasis Mayfair Garden	Oasis Jiang Nan Garden	Oasis Thousand Island Garden	Oasis Lakeside Trade Port	Oasis Skyway
Address	No.222, Ma Dang Road, 39 Lu Wan District, Shanghai, P.R.C.	No.6 & 18-1, Nan Gang Chun, Zhu Jia Jiao Zhen, Qing Pu District, Shanghai. PRC.	HangTou Center in Nan Hui District, Shanghai,P.R.C	No.801, Jun Bei Road, Putuo District, Shanghai,P.R.C	Da Pu Road B & C Lu Wan District, Shanghai, P.R.C.
The stage of completion as of 30/6/2003	Negotiation with the local government that the relocation of residents will be completed before 30th Sept., 2003. The construction work will follow soon.	Phase I : 70% (98 villas) Phase 2 : 0% (46 villas)	Presale is expected to commence in the fourth quarter of 2003.	Design scheme and preparatory works and relocation of residents were started.	Two Residential building and one hotel condominium of which foundation works for two residential buildings was completed.
Expected completion date	Mar., 2005	Phase I : Jun., 2004 Phase II : Oct., 2004	Dec., 2004	Dec., 2007	Residential: Dec., 2004 Service apartments: Dec., 2006
The existing use	Residential & shops	Residential	Residential	Residential & office	Residential & Service apartments
Site area (Sq.m.)	14,651	254,312	400,000	83,000	26,282
Total gross floor area (Sq.m.)	50,000	52,702	117,230	280,000	130,000 (Residential:35,000 Car park & shop: 35,000 Service apartments 60,000)
The percentage interest in the property	51.48%	48.45%	90%	76.63%	56%



Corporate Information

Board of Directors

Shi Jian (*Chairman & President*)
Li Yao Min (*Vice-Chairman*)
Yu Hai Sheng (*Vice-Chairman*)
Shi Jian Dong
Jiang Xu Dong
Cheung Wing Yui*
Wang Ru Li*
Sang Rong Lin**
Yeung Kwok Wing**
The Lord Killearn**
Geng Yu Xiu**

* Non-executive Directors

** Independent Non-executive Directors

Authorized Representatives

Shi Jian
Li Yao Min

Company Secretary

Chow Chiu Chi MBA, ACMA, FHKSA

Legal Advisers

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

Auditors

PricewaterhouseCoopers

Principal Bankers

Hong Kong: Bank of China (HK) Ltd.
CITIC Ka Wah Bank Limited
PRC: The Agricultural Bank of China
The industrial and Commercial Bank
of China

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
28/F, BEA Harbour View Centre
56 Gloucester Road
Wanchai, Hong Kong

Stock Code

1207

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