
CHAIRMAN'S STATEMENT



RESORTING TO THE COMBINED COMPETITIVE ADVANTAGE OF REAL ESTATE AND HOUSING TECHNOLOGY DEVELOPMENT, THE GROUP CAPTURED THE OPPORTUNITY OF THE EXPANDING MARKET IN MAINLAND CHINA, PARTICULARLY IN SHANGHAI, INCREASED ITS RELATED INVESTMENT AND ACHIEVED FORECASTED RESULTS.





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PERFORMANCE REVIEW

The Group made a net turnover of approximately HK\$586,010,000 for the year 2001, which is 26.7% higher than that of 2000. Profit attributable to shareholders was approximately HK\$79,710,000, representing 38% increase compared with 2000. Earnings per share was HK\$ 0.0795 on weighted average basis, or HK\$0.0785 on diluted basis.

DIVIDEND

The Board of Directors proposed to distribute a final dividend of HK\$0.0159 per share.

OPERATION REVIEWS

Resorting to the combined competitive advantage of real estate and housing technology development, the Group captured the opportunity of the expanding market in Mainland China, particularly in Shanghai, increased its related investment and achieved forecasted results.



Meanwhile, the Group's housing technology business also achieved promising investment return.

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Smooth progress of work in construction and rising sales volume

Our famous brand name "Oasis" and flexible marketing strategy played a decisive role in achieving excellent sales volume. Our total gross floor area sold in the year of 2001 was 106,533 sq.m. a record high of recent years

- Sales performance of the four real estate projects under the brand name Oasis was excellent. The contracted sales of City Oasis

Garden phase 3 was 10,848 sq.m.; contracted sales of Bauhinia Oasis Garden phase 3 block 1 & 2 amounted to 26,217 sq.m.; contracted sales of Beverly Oasis Garden phase 1 recorded 31,476 sq.m.; contracted sales of Long Island Oasis Garden phase 1 recorded 37,992 sq.m.

- Construction of Beverly Oasis Garden phase 2 commenced during the year with a total area of 333,000 sq.m.. And so did Oasis Long Island Garden phase 1 eastern portion totaling an area of 102,000 sq.m. On the other hand, City Oasis Garden phase 4 has entered the stage of planning and design.

Abundant land reserve and potential appreciation

The Group fully knows that land reserve is vital to real estate developer. So the Group continued to replenish its land bank on a massive basis during the year in order to build more residential areas and gain ever-rising profit, or anticipate appreciation in land value. By the year 2001, the Group has had a land reserve of over 10 million sq.m. in Shanghai's urban and suburban area, sufficient for our expansion in the coming 5-8 years.



- The Group cooperated with China Great Wall Assets Management Co., Shanghai Branch for joint development of project "Golden Magnolia Plaza phase 2" in Shanghai's downtown area. The Group planned to build 50-story super luxurious building and 2-3 skyscrapers, totaling 110,000 square meters, which is under planning and design.



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- The Group signed an agreement with Shanghai Nanhui Hangtuo Township Administration and secured a land developing right of 10 million sq.m., one part of Hangtuo's central town development project. Phase 1 of this project covering an area of 5 sq. km. (or 5 million sq.m.) is now under planning by European, American and Hong Kong architecture firms.

Housing technology – continuous expansion and promising results

Housing technology content of real estate projects is a prerequisite for market penetration. The various investment projects under the Group's Housing Technology Co, Limited had made major progress and achieved significant results.

- Shanghai Telecom Broadband Networking Co. Ltd., an entity jointly invested with Shanghai Telecom, primarily engaged in the development of broadband network construction and broadband connection in residential areas. By the year 2001, the company had completed broadband network installation for over 380 residential areas, covering over 270,000 households, among which 102 residential areas covering 76,000 households had begun to use the broadband service.
- Shanghai Orda Opto-electronics Science and Technology Company Limited, jointly established with Shanghai Academy of Science, Shanghai Institute of Technical Physics, focused on the development of new and high tech products and projects. Certain products, such as "household wired and wireless remote control device", "intelligent carpet", "remote wireless portable control device for household electric appliances" etc., had obtained patents from National Intellectual Property Right Bureau and entered into market.
- PRC President Jiang Ze Min visited the Group's Mingren Garden on 17th June 2001, watched the demonstration of the "Shanghai Homeline – District Version" and expressed his satisfaction.



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BUSINESS OUTLOOK

The Group has set three objectives in year 2002, namely quality management and service, growing economic return and sustainable development. Based on improved corporate structure and system and enhanced management and service, the Group strives to strengthen its real estate development and housing technology businesses such that sustainable economic returns can be maintained.

Real Estate Business

In year 2001, Shanghai's GDP had double digital increase for the thirteenth consecutive year. Shanghai Municipal Government mapped out and implemented a series of policies aiming at maintaining a sustainable developing real estate market, which helped to create a better social and economic environment for the steady expansion and up-going trend of this industry.

Residential construction and the real estate industry as a whole is one of the six pillar industries in Shanghai as promulgated by the national "Tenth Five-Year Plan". By the end of 2005, the housing usage area per person in Shanghai would exceed 20 sq.m., apartment units would account for over 85% of the total housing area, basically realizing the aim of one apartment per family and one room per family member in most families and providing a better living standards.

At the end of year 2001, Shanghai real estate index reached 777 points, up 109 points from year 2000 or an increase of 16.3%. In January 2002, again it increased 6 points over December 2001. Though housing price had undergone a sharp increase, it had not reached the base number of 1000 in year 1994. Since the present housing quality is much better than that of 1994, the housing price would keep rising accordingly.

China's entry into WTO also brought new opportunities to Shanghai's real estate market. The adjustment of the world's economic structure made China, the energetic and competitive nation, especially its financial and economic centre Shanghai, the first choice of overseas investors and overseas Chinese students carving out their way in Mainland China. This would in turn push forward the purchasing power and market demand for quality housing, so would the housing price.

After changing its name, the Group shall more focus on the Shanghai real estate development given the rapid expansion of this market.

All apartments of City Oasis Garden and Bauhinia Oasis Garden would be sold as planned. Beverly Oasis Garden phase 2, consisting of approximately 220 premier villas, is under accelerated construction featuring greenery environment and pleasant view. Long Island Oasis Garden phase 1 eastern portion is under construction of town houses in accordance with the original design. These two projects will be on sale by the middle of the year and generate profit.





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In cooperation with China Great Wall Assets Management Co., Shanghai Branch for the Golden Magnolia Plaza phase 2 Project, located in the central part of Shanghai Lu Wan district Da Pu Bridge commercial area, which would construct a super luxurious services apartment building, forming such a structure of "Porterman in north Shanghai and Golden Magnolia in south". The project will be launched within this year.

The Nanhui HangTou downtown project, in which the Group participated, is one part of Shanghai's city development strategy— one of the 22 central towns in Shanghai, and has inviting prospect. In addition, the Group had obtained a parcel of land of about 10 sq.km. in Nanhui HangTou central town area that can meet our strategic need in the coming 5-8 years. Among that 5 square kilometers is now under design and will become a small town with distinctive characteristics. This project will also be launched within this year.

Housing Technology

Year 2002 is the first year of China's accession to WTO. Information technology, including housing broadband, is the first pillar industry facing tough competition and meeting best opportunity for rapid development as well.

To become a metropolitan city, Shanghai Municipal Government has set up the strategy of making "Shanghai the first choice for business and living", which offers both chance and challenge for real estate developers. In 2002, Shanghai would complete the construction, testing and commissioning of the intelligent systems in the existing residential areas and require 40% of the newly constructed residential districts setting up intelligent systems. By 2005, almost all newly constructed residential building would have intelligent system and the prospect of housing technology is broader than ever before.

The Group shall fully utilize its competitive advantage in housing technology, continuously develop broadband construction and connection business particularly broadband subscription and value-added services.

Express of Gratitude

The talented and creative staff, are the best intellectual resources of the Group. I would like to take this opportunity to express my heart-felt gratitude to all my fellow directors and staff for their hard work, dedicated services and contributions to the Group last year.

Shi Jian

Chairman

Hong Kong, China

25th April, 2002