

*“Management services, growing economic return and sustainable development” were the three main objectives of the Group for the year 2002. By further improving the Group’s structure and operation mechanism and raising the standard of the Company’s management service, the Group has identified new projects and successfully formulated a strategic plan, enabling its various operations to obtain sustainable development and achieve targeted results.*



### **Performance Review**

The Group made a net turnover of approximately HK\$800,886,000 for the year 2002, which is 36.7% higher than that of 2001. Profit attributable to shareholders was approximately HK\$90,189,000, a 13.1% increase compared with 2001. Earnings per share was HK\$0.0732 on weighted average basis, or HK\$0.073 on diluted basis.

### **Dividend**

The Board of Directors proposed to distribute a final dividend of HK\$0.0199 per share, which is 25.2% higher than last year.

### **Operation Reviews**

Building on the Group’s established property development business and housing technology, the “Oasis Garden” gained wider market recognition and better competitiveness. The Group took advantage of the prosperous property market of the PRC, especially in Shanghai, and has obtained the expected results. Meanwhile, the continual development of housing technology has offered reasonable investment returns.



## Chairman's Statement

### Smooth progresses work in construction and rising sales volume

Our reputation gained in its "Oasis Garden" project and the effective and flexible marketing strategy played a major role in achieving excellent sales volume. Our total sales in gross floor area for the year was 117,688 sq.m., a record high since the establishment of the Group.

- Sales performance of the four Oasis Garden projects was excellent. The contracted sales in area of City Oasis Garden phase III was 14,599 sq.m.; contracted sales in area of Bauhinia Oasis Garden phase III was 15,001 sq.m.; contracted sales of Beverly Oasis Garden phase I recorded 10,178 sq.m. and phase II recorded 30,466 sq.m.; contracted sales of Long Island Oasis Garden phase I was 4,043 sq.m. and phase II was 43,401 sq.m.
- The commodity residential units in the residential district of City Oasis Garden were all sold and that of Bauhinia Oasis Garden were 96.9% sold during 2002.

### Successful share placing and syndicate financing provide strong funding support for project development

Strong funding support is indispensable to our remarkable achievements in property development and housing technology business, as well as progress in project exploration and the steady growth of our core businesses in future. During the year, the Group successfully completed share placements and syndicate financing. The positive effect of adequate funding is beginning to show.

- In March 2002, the Group successfully placed 100,000,000 shares at a placing price of HK\$0.99 per share, which generated net proceeds of HK\$94,900,000; In May 2002, the Group again successfully placed 226,000,000 shares at a placing



price of HK\$1.18 per share, which generated net proceeds of HK\$256,900,000.

- In November 2002, the Group obtained a long-term (over one year) syndicated loan of HK\$95,000,000.
- In December 2002, the Group signed a contract with the Agricultural Bank of China Shanghai Branch, and was granted credit facilities of up to RMB1,000,000,000. Subsidiaries of the Group were also granted credit facilities ranging from RMB200,000,000 to RMB500,000,000. The above funding supports were confirmed by agreements or contracts entered with the respective Shanghai branch of the Construction Bank of China, the Agricultural Bank of China and the Bank of Communications.

### Breakthrough of new projects has strengthened the base for future development

Resorting to the competitiveness of the famous "Oasis Garden" brandname, the Group's excellent business network and abundant funding support, new projects made tremendous breakthroughs during the year, enabling us to formulate strategic plans and establish the base of development for the next 8 to 10 years.

## Chairman's Statement



- Pursuant to the Share Sale and Purchase Agreement and the Shareholders' Agreement entered into by the Group and Anderson Land (Shanghai) Limited (安信置地(上海)有限公司), the Group acquired a 51.48% shareholding of Shanghai Anderson Fuxing Land Company Limited (安信復興置業有限公司), and secured the development right for a piece of land located adjacent to Xin Tian Di (a top class entertainment center in Shanghai) with an area of 14,651 sq.m., which will be used for the construction of Oasis Mayfair Garden (綠洲美菲爾花園) (a high class residential project) with a gross floor area of over 50,000 sq.m.. The relocation of residents and project preparation works have been delayed for about 6 months due to coordination with the local government. A supplemental agreement was signed with the local government and the relocation of residents will be completed before 30th June 2003. The construction work will follow soon.
- The Group acquired a 51% interest in Shanghai Zhufu Property Development Co., Limited (上海住富房地產發展有限公司) (in which the Group holds a 48.45% attributable interest), and secured the development right for a piece of land located at Zhujiajiao, Qingpu, Shanghai, an old town featured with Waterways, with

an area of 254,312 sq.m.. The said piece of land has been planned for the construction of Oasis Jiang Nan Garden (綠洲江南園) which comprises 145 blocks of individual villas, with a gross construction area of 52,000 sq.m.. Presale of the first phase will commence in the second quarter.

- Taking on the opportunities created by the 2010 Shanghai World Expo and the Universal Studio Theme Park, the Group established Shanghai Hangtou Govern Real Estate Co., Limited (上海航頭高夫置業有限公司) with Shanghai Hangtou Investment Development Co., Limited (上海航頭投資發展有限公司) (in which the Group holds a 90% attributable interest) for the development of Oasis Thousand Island Garden (綠洲千島花園) situated at Nan Hui Hang Tou (南匯航頭). The gross floor area of the first phase amounted to 123,000 sq.m.. The foundation laying ceremony was held in December 2002, and presale is expected to commence in the second half of 2003.
- The Group and Shanghai Xin Chang Zheng (Group) Co., Limited (上海新長征(集團)有限公司) jointly hold 97% shareholding in Shanghai Jingwu Real Estate Co., Limited (上海金午置業有限公司) (in which the Group



## Chairman's Statement



holds a 76.63% attributable interest), which shall be responsible for the development of Oasis Lakeside Trade Port (綠洲湖畔商務港) located in the logistic hub of Putuo, Shanghai, which connects Jiangsu and Zhejiang provinces and various coastal cities. The construction contracts for the two commercial blocks and a residential building for the first phase were signed in February 2003. The development of the aforesaid buildings, covering a gross floor area of 83,000 sq.m., signals that the Group has expanded its operation into large-scale commercial development.

- In January 2003, the Group, jointly with China Great Wall Assets Management Co., Limited and Shanghai Residential Property New Technology Development Co., Limited (上海住宅產業技術發展股份有限公司) has established Shanghai Oasis Skyway Garden Hotel and Condominium Co., Limited (上海綠洲仕格維花園酒店公寓有限公司) (in which the Group owns a 56% interest) for the development of Oasis Skyway Garden Hotel and Condominium (綠洲仕格維花園酒店公寓) (previously named as Project Jinyulan), which is located in an area near to the place for the hosting of the 2010 Shanghai World Expo and will become the landmark of Shanghai's downtown area. The first phase of the project comprises



of two residential blocks with gross floor area of 35,000 sq.m. The foundation work commenced in February 2003 and the construction will start in May.

- The Group has invested US\$30 million to establish Shanghai Jin Luodian Real Estate & Development Co., Limited (上海金羅店開發有限公司) with the affiliate companies of the local government of Baoshan district of Shanghai, and owns a 45.26% interest of the company. The company will be engaged in the preparation of a piece of land situated in Luodian New Town with an area of 6.8 sq.km (6,800,000 sq.m.). The land preparation involves the demolition of the structures originally located in the district, land leveling, town planning, and the urban infrastructures and utilities such as water, electricity, gas, roads, sewage conduits, drainage pipelines and communication lines. The development of the aforesaid project indicates that the Group has expanded its operation into new town development.

### Restructuring its housing technology operation for continuous expansion and development

During the year, the Group has restructured its housing technology operation. The focus is now shifted towards



## Chairman's Statement

the research and development of new products and new technologies, and the investment and exploration of emerging markets, with an aim of raising the technology content of its properties under development, enhancing the overall market competitiveness and increasing its market share. All the investments in the development of infrastructures (such as system integration) have excellent prospects. A number of projects have made tremendous progress during the year, and lucrative returns are expected.

- The Group has constructed its intelligent office, which provides professional solutions to the organic integration of techniques and engineering projects in the development of real estates. During the year, there are over 20 intelligent system integration projects being built or under construction.
- The residential district network specially designed for broadband network users within residential districts have been put into operation. There are approximately 386 residential districts involved in the broadband project. The network provides coverage for 370,000 users.
- The newly developed and manufactured products and services have proved to be popular in the market. The newly developed “Trans-Ocean” brand router machine and broadband access VDSL equipment were extensively used in the telecommunications and broadband industry. During the year, the sales of router machines and VDSL broadband equipment reached 6,000 and 3,000 respectively.
- The acquisition of a 50% equity interest in Shanghai Internet Information Technology Co., Limited (上海英特耐特網絡信息技術有限公司) (in which the Group holds a 47.5% attributable interest) has strengthened

the structure of the Group's housing technology operation.

- In 2002, the housing technology business of the Group achieved promising results, with turnover and net profit recorded at HK\$82,896,000 and HK\$16,923,000 respectively.

**Our brand promotion has obtained excellent results, with “Oasis Garden” being one of the most reputable brands.**

- The residential districts developed by the Group and its affiliate companies are all under the brandname of “Oasis Garden”. The Group will continually strengthen and promote the said brandname to appeal to the most demanding customer. With the support of the Group's high quality housing technology, market recognition for the “Oasis Garden” brandname is increasing.
- In the first Most Popular Brandname Appraisal Award organized by various government authorities and professional organizations such as Shanghai Administration for Commerce and Industry, Shanghai Trademark Association, The Association of the Shanghai Real Estate Industry and Shanghai Consumer Association, the “Oasis Garden” has been elected as one of the “Nine most popular property brands in Shanghai in 2002”.

## Business Outlook

### Real Estate Business

Building on the healthy growth of Shanghai's real estate industry in the past three years, and boosted by the implementation of the recently issued urban development plans and the successful bid for the 2010 World Expo, Shanghai's real estate market will continue to enjoy stable growth.





## Chairman's Statement

- The favourable macroeconomic environment has provided an ample market for Shanghai's real estate development. Following a double-digit percentage increase in GDP for the fourteenth consecutive year, it is anticipated that the growth rate of Shanghai's GDP will maintain at around 10% in 2003, with per capita GDP reaching US\$5,500. As a result, the home purchasing power of local citizens will further increase.
- The successful bid for the 2010 World Expo and the building of the Universal Studio Theme Park will speed up Shanghai's urban redevelopment process. This will raise the living standard of Shanghai people, and attract more people from overseas and other provinces to purchase properties in the city. Eventually, local residents will be further encouraged to improve their quality of living.
- To cater for the demand for higher living standard and quality, the Group developed a number of new residential projects during 2002. The Oasis Beverly Garden Phase II, Oasis Long Island Garden Phase II and Oasis Jiang Nan Garden which are now on sale, and Oasis Thousand Island Garden which will be put on sale shortly are especially popular among home purchasers.
- Oasis Mayfair Garden, the two residential blocks of Oasis Skyway Garden, the residential block and two commercial buildings of Oasis Lakeside Trade Port and the land preparation projects in Luodian New Town will be the new sources of profit growth for the Group. The Group will also aggressively develop these projects according to schedule and actual construction progress.

### Housing Technology

The development of housing technology is closely linked to the modernization of building construction. Housing

technology plays an important role in urbanisation, residential property development and living standards.

- Entering into the 21st century, developed countries (especially Japan, USA and the European Union) have all made use of the development trend of housing technologies to rebuild old cities and improve disaster prevention systems in the metropolis after taking into account of their own situations. These countries also put continuous efforts to improve their living condition by innovating indoor facilities and accessories. On the other hand, they have consummated the industrialization of residential construction, research on and develop new construction materials, develop energy-saving buildings and those that use new forms of energy, research on environment protection measures and strength researches on quality and technology upgrading. The aforesaid efforts have reshaped the overall planning of housing technology development.
- Following the "relief based construction period" which aims at solving the housing problem of citizens and the "improvement construction period" which aims at improving the ancillary facilities, the residential construction industry in Shanghai now aims at improving the overall housing quality.
- While the successful World Expo bid has created a new wave for urban construction and extended the urban construction cycle, it also raised the quality requirement for urban residential and commercial buildings. The growing popularity of the intelligent residential districts, the creation of "Residential Districts with Four Highs", promotion of world-class city and modernized residential housing and the overall quality and technology enhancement of real estates will bring enormous and sustainable development opportunities to Shanghai's



## Chairman's Statement

housing technology industry. As expressed by a leading official of Shanghai Residential Development Bureau: "By the end of the State's "Tenth Five-year Plan", the residential construction in Shanghai will move to a higher platform." We share with his optimistic view.

- The Group will make full use of the existing advantage brought forward by the restructuring of housing technology, and shall continue to be engaged in broadband network construction and the provision of value-added broadband access services in residential districts. The new network management solution will enable the Group to cover 1 million homes within three years. The Group shall put more efforts into the development of infrastructures in relation to residential property development, urban construction in Shanghai and the 2010 Shanghai World Expo, and will also actively expand its intelligent system integration projects.

### Acknowledgement

Innovation and exploration are the driving forces for corporate survival and development, while creative, talented, motivated and loyal management staff are valuable assets for the growth of the Group. I would like to take this opportunity to express my sincere gratitude to all my fellow directors and all staff of our subsidiaries for their hard work, dedication and contributions to the Group over the past year.

**Shi Jian**

*Chairman*

Hong Kong, China

25th April 2003