



2004 marked the fifth year of the Group's listing on the "Hong Kong Exchange and Clearing Limited", also a year of rapid growth since its listing.

Thanks to the development strategies set out a couple of years ago, especially the one implemented in 2002, our rich landbank as well as the great effort of our staff, the Group actively faced and adapted to the new market environment imposed by the national macroeconomic control policy. It strived to ensure the smooth construction of the ongoing real estate developments, and strictly met the construction and sales schedule as well as the cost saving targets. As such, the Group hit the profit target set at the beginning of the year, achieving a remarkable results for our shareholders.



Jiangnan Oasis Garden – natural lake and landscaping

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Performance Review

The Group recorded a net turnover of HK\$1,251,995,705 for the year 2004, which is 52% higher than that of 2003. Profit attributable to shareholders was HK\$223,099,980, a 143.08% increase compared with 2003. Earnings per share was HK16.47 cents on a weighted average basis, or HK14.67 cents on a diluted basis.

Dividends

The Board of Directors proposed a final dividend of HK\$0.033 per share.

Review

Real Estate Sales

The real estate market in Shanghai continued its strong growth in 2004. Throughout the year, China Real Estate Index (CREI) rose by 17.06%, while Shanghai housing index of CREI gained 17.54%, 44% of which was made in the period from September to December.

Ever since the successful launch of the new round of strategies for real estate projects in 2002, the Group began to harvest from 2003 especially 2004. In the year under review, the Group had seven developments for sale, namely, the Skyway Oasis Garden Hotel and Condominium, Rich-Gate Oasis Garden, Central-Ring Center Lakefront Oasis Garden (綠洲湖畔花園), Thousand Island Oasis Garden, Jiangnan Oasis Garden, Long Island Oasis Garden Phase III Cedar Oasis Garden, and Beverly Oasis Garden, among which the sales of Rich-Gate Oasis Garden, Oasis Central-Ring Center Lakefront Oasis Garden (綠洲湖畔花園) and Thousand Island Oasis Garden Phase II all began in December 2004, a period commanding the highest price in the year.





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As of 31 December 2004, the Group completed the sales of a total of 115,254 square meters of properties, an increase of 35% compared with the previous year, which include:

Skyway Oasis Garden Hotel and Condominium: neighboring the site for EXPO 2010 SHANGHAI. Sales of the two high-rise apartments were launched in May; as of 31 December 2004, 23,564 square meters were sold, exceeding the targets for sales proceeds and profit for the year.





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Long Island Oasis Garden Phase III
"Cedar Oasis Garden (綠洲香島花園)"

"": focuses on the need of "ordinary residents in the coming five years". Sales to the public began in October, and 170 sales contracts (units) were formally signed within the first week. 48,879 square meters were sold as of 31 December 2004.





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Rich-Gate Oasis Garden: located in the golden area of Xintiandi, Huaihai Road in Shanghai. Construction began in early 2004 and sales began in December. 2,050 square meters were sold as of 31 December 2004, at an average price exceeding RMB50,000, setting a new record of highest unit price among apartment projects in the district.



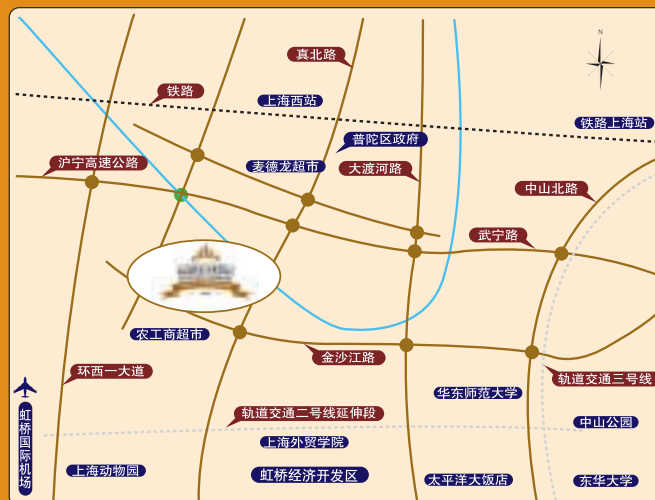


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**Oasis Central-Ring Center Lakefront**

Oasis Garden (綠洲湖畔花園): a project closely neighboring the Oasis Central-Ring Center in the west section of central-ring in Shanghai. Sales began in December, and 160 units were sold in just the first two days. 16,622 square meters were sold as of 31 December 2004.



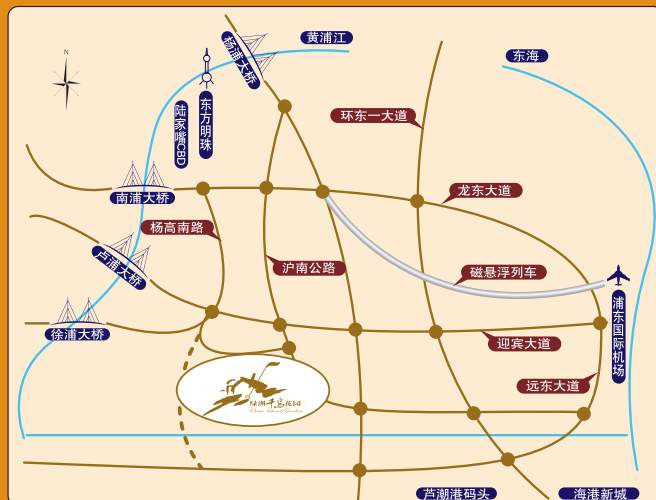


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Thousand Island Oasis Garden: an ecotype island villa project in east Shanghai. 5,547 square meters were sold for Phase I; sales of Phase II began in December and 4,667 square meters were sold for Phase II as of 31 December 2004.





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Jiang Nan Oasis Garden Phase I: a water villa development featuring south China landscape. 8,147 square meters were sold for Phase I as of 31 December 2004.





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Beverly Oasis Garden Phase III: a classic villa development crystallizing 5 years of fine work. 4,693 square meters were sold for Phase I and Phase II as of 31 December 2004.





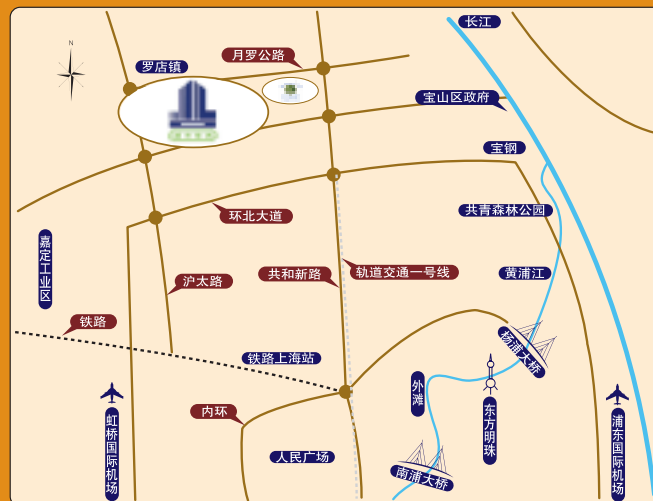
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Land Development

The Group participated in the development of Luodian New Town, a project of 6.8 square kilometers (6.8 million square meters) located in Baoshan Shanghai. It is a major project of the Group with land transferred through government tender in the market, in which the Group will undertake some functions of government agencies. The core scenic area of 1,200,000 square meters consists of Lake Meilan Conference Center with GFA of 35,000 square meters, North European Style Street (Shopping Pedestrian Street) with GFA of 73,000 square meters, Lake Meilan (an artificial lake) with a plot area of 200,000 square meters, Nobel Science & Technology Park with a plot area of 73,000 square meters, five main buildings (including three squares namely Civic, Culture and Business), and eight roads planned in



the project. Construction of the core scenic area was completed and a red-carpet opening ceremony was held for Luodian New Town on 28 June 2004. As to the Urban Forest Ecological Park of 3.4 square kilometers, a 18-hole golf course and a golf club house with GFA of 11,300 square meters in the southern part were completed and opened in August 2004; the other 18-hole golf course and a golf club house with GFA of 37,600 square meters in the northern part are under construction and expected to be completed and opened in 2005.

Land levelling of the rest 2,000,000 square meters in Luodian progressed smoothly. Although the Chinese government applied the macro-control policy for land supply in the year, and even suspended the transfer of land use rights for a period, but when the transfer of land use rights resumed in December 2004, three levelled land lots totalling 319,252 square meters (478 mous) in Luodian New Town were listed for open tender in market and created the highest price record for projects in the same environment.

Property Development

Deriving from our property development philosophy of "elegant and vogue living environment, hi-tech service, convenient traffic, in distinctiveness," the Group keeps up with the highest level of the real estate and architecture industry in the world. The Group engages senior planning and design firms in USA, Sweden, Germany, Canada, Hong Kong and Taiwan as well as renowned masters at home and abroad. As for construction materials and equipment, we integrate high-end products: lifts and air-conditioners from United States and Japan; British, Spanish and Japanese toilet sets; German al-alloy window and boiler, Belgian water knockout drum, Canadian household anti-theft alarm system and kitchen appliances, etc.

The Group currently owns eight property projects under construction. Construction of the projects was closely monitored and went smoothly as scheduled, among which:

Skyway Oasis Garden Hotel and Condominium: As of 31 December 2004, the two apartment buildings were completed for civil engineering and installation support works, effectively finished for fine decoration and external support works, nearly 50% finished for greening and landscape. Structural construction for the 52-story hotel reached the 45th floor.

Rich-Gate Oasis Garden: the construction began in February 2004 and a sales permit was obtained in December, fully in accordance with the plan of the Group that residence migration should be done in the year, the construction and the sales should begin in the same year. Structure topping-out was done in early 2005.

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Oasis Central-Ring Center: As of 31 December 2004, the two residential high-rises had passed the acceptance inspection for major structure; part of the decoration and installation had been finished; other buildings including the office building, shopping arcade and hotel, etc. had been finished for pile foundation engineering and public area as well as most part of the pile engineering for anti-bomb basement in the residential area.

Thousand Island Oasis Garden: As of 31 December 2004, 22 buildings in six types in the south part of Phase I completed the structure topping-out and the corresponding "Pre-sale Permit" had been obtained; the land of 280,000 square meters for Phase II development was acquired and basically finished the migration of residents on the lot.

Property Management

Property management is an important aspect in real estate development and operation, also a critical sign of property class. The Group will engage renowned international property management companies to manage the projects developed by the Group, while making use of the affiliated property management company to provide more human and customer-oriented service, so as to maintain the good image of "Oasis Garden."

In the year under review, the professional qualification of the affiliated property management company, Shanghai Trans-ocean Property Management Co., Ltd. was lifted from Class 3 to Class 2 and passed the ISO9001 certification and the ISO14001 certification.

Municipal Construction and Housing Technologies

In recent years, the Group launched some large scale and integrated projects. The development of Luodian New Town even covered every aspect of township construction. The current intellectual engineering project, the water treatment project of environmental landscape is a complicated task, with large volume, wide coverage and high-quality requirement.

Shanghai Wingo Infrastructure Co., Ltd. and Shanghai Housing Industry New Technology Development Co., Ltd., one subsidiary and one associate of the Group launched a series of engineering project involved housing technology in 2004 in a joint effort with real estate development, perfecting the scheme of the current intellectual engineering project, further improving the quality of project. In addition, they made a breakthrough in design and implementation of the water treatment of environmental landscape projects. Moreover, the broadband service is notably expanded.

Landbank and New Projects

A total floor area of approximately 1,000,000 square meters are available for the development of the 8 projects under construction.

Considering the existing landbank and the development progress, the Group will launch new projects with promising potentials for further development and price appreciation.

Business Outlook

As shown by data from Shanghai Statistical Bureau, Shanghai, which is on its way to urbanization, industrialization and internationalization and rising consumer spending, maintained a steady and healthy development in 2004, which rendered the environment more favorable to the steady, healthy and booming development of the real estate industry. The whole picture is presented as below:

Economic output and household income substantially increased and purchasing power further strengthened. Throughout 2004, Shanghai generated RMB745 billion in GDP with a 13.6% increase on comparable price base, hitting a record high since 1996. Urban per capita disposable income rose 12.2% compared with previous year, while rural per capita disposable income gained 10.2% year-on-year, the highest increase since 1997. Savings deposits of urban and rural residents increased by RMB90.603 billion over the previous year.

More talents and giant overseas corporations gather in Shanghai, a city admirably attractive to talents and headquarters. 62,700 Chinese and international citizens became permanent residents of Shanghai in 2004, among whom 4,000 are from overseas and 77% are degree holders. Shanghai has become the regional headquarters of 86 multinational corporations, 105 investment firms and 140 R&D centers of foreign enterprises.

Infrastructure construction speeding up, a functional and main transportation network is under construction. Shanghai invested RMB67.258 billion on metropolis infrastructure construction in 2004, 11.2% higher than the previous year, accounting for 21.8% of the total fixed assets investment. Total length of expressway reaches 485km, and fast-track system is extended to 125km.

Financial resources is further consolidated and financial center is under quick construction. There are 113 foreign financial institutions in Shanghai, 75 of which are banks and financial firms. Bullion market, diamond market, foreign exchange settlement center and bill settlement center all gathered in Shanghai. The financial institutions recorded an increase of RMB264.868 billion in deposits balance, RMB196.693 billion in loan balance, RMB75.141 billion in loan balance of personal consumption plus RMB72.809 billion in housing mortgage loan balance.

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Modern service industry of Shanghai grows fast, real estate industry ranks high among pillar industries. According to Implementation Program of the Promotion of Shanghai Modern Service Industry prepared by Shanghai Municipal Government in February, 2005, the modern service industry of Shanghai is expected to grow steadily, with a total added-value up to RMB750 billion by 2010, a 110% higher than RMB355.6 billion in 2005, making up of 47.9% of GDP. To push the modern service industry forward, Shanghai Municipal Government placed real estate industry, financial sector, trading sector and logistic industry as four major industries, which rank top among pillar service industries.

Encouraged by the fast and steady economic growth and active development of modern service industry, the Group has good reason to expect a continuous fast-growth of real estate industry in Shanghai.

Positioning and Strategies

As the last year of the "Tenth Five-year Plan" for China social and economic development, the year 2005 is critical for the fulfillment of objectives set by the Plan and for the making of a solid groundwork for the "Eleventh Five-year Plan." Boosted by the high growth, the continuous rising trend of the Shanghai economy is obviously felt, as all economic objectives in the first three months were fulfilled, which promises a constant double-digit year-on-year growth.

The listing of the Group in the Hong Kong Stock Exchange in 1999 and the initiation of its real estate development strategy in 2002 witnessed a substantial development of the Group. In the coming two to three year, the Group will make a shift in its strategies from real estate development to more diversified developments involving housing, commercial, hotels and office building projects, as well as launching a rent-and-sales business mode. Benefited from this new strategy, the Group will make another big stride. This new positioning capitalizes on the strategy initiated in 2002 as well as the fast growing of service industry of Shanghai, and marks a sensible step toward the steady and continuous growth of the Group.

In order to make new development and ensure regular and systematic operation, the Group will embark on steady reform and seek innovative development in 2005.

The Group will further reinforce its management at all levels, improve its management system, enhance its strengths in all aspects, stick to ethical code as well as innovate and reform its human resource management and leadership. The Group is making effort to establish a flattened management structure, which highlights project management and combines vertical Group management and

project management. It will also strive to improve its competitiveness to enhance profitability, and adopt innovative operation. Furthermore, the Group will build up product image; maintain closer cooperation and alliance with its partners. Base on the principle of steady, standard and discreet development, the Group will act prudently while driving forward in an effort to fulfill its economic objectives and make greater contribution to the new development.

Appreciation

Lastly, I would like to thank our shareholders for their constant trust and support and offer my heartfelt gratitude to all directors, executives of our affiliated companies and staff members for their continuous hard work over the year.

Shi Jian

Chairman

Hong Kong, China

20th April, 2005.