

**Trans-Ocean Investment and Technology Limited had materialized its reorganization in business operations in year 2000. The Group had become a conglomerate primarily engaged in new and high technology investment and related operations as well as prime-quality properties development.**



# Chairman's Statement

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### Operation Results

Net turnover of the Group for the year was approximately HK\$462,355,000, which is 19% higher than that of 1999. Profit attributable to shareholders was approximately HK\$57,778,000, representing 2% increase comparing to 1999. The earnings per share was HK\$ 0.0578 on weighted average basis, or HK\$0.0572 on diluted basis.

### Dividend

The Board of Directors has proposed to distribute a final dividend of HK\$0.012 per share.

### Review of Operation

According to the business operation reorganization plan as affirmed in early 2000. The Group had successfully developed new and high-tech business and formed two major business units:

- (i) Telecom broadband network construction and operation and opto-electronic new and high-tech products' research and development business unit; and
- (ii) Real estate development projects business unit.

In the year under review, the Group had achieved remarkable results in new and high technology business exploration and development.

Through prolonged research and development, incubation, and carefully formulated business plan, the Group had achieved remarkable turnover and profit in new and high-tech business in year 2000.



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- The Group had set up a joint venture company namely Shanghai Telecom Broadband Networking Co. Limited with Shanghai Telecom committed to telecom broadband network building. By integrating telecom broadband building business with relevant high-tech, high-growth products and other value-added telecom services business, the company surely has competitive advantages in terms of market potential and technical capability in order to achieve profitability. Shanghai Telecom Broadband Networking Co. Limited had completed Mingren HuaYuan (名人花園) project on 1st June, 2000 of which 50% subscribed for broadband internet access services and also completed the Wanbang City Garden (萬邦都市花園) project on 1st October, 2000. Broadband network building of 20 residential housing estates is now in progress and contracts were signed for another 20 residential housing estates.
- Shanghai Trans-Ocean Housing Technology Co. Limited was incorporated as an equity joint-venture company with Shanghai Zhuyou Real Estate Development Co. Limited (上海住友房地產發展有限公司) which is a subsidiary company of Shanghai Municipal Housing Development Bureau (上海住宅發展局) for the development of Shanghai Home Line. Shanghai Home Line had secured the support of China International Internet Centre (中國國際互聯網中心) which is under State Council's China International Internet News Center (CIINC) for supplying legal and timely news to the portal. By means of the broadband optical fiber technology, Shanghai Home Line had launched various value-added services such as video frequency, audio data, telecom image and other interactive services. Its market influence had been increasing and had started to record revenue.
- The Group had established a joint venture company namely Shanghai Orda Opto-electronic Science & Technology Co. Limited with Shanghai Institute of Technical Physics The Chinese Academy of Sciences to develop opto-electronic new and high tech products and projects. The company had completed several research and development projects of opto-electronic products viz. intelligent recognition of iris features, opto-electronic system for automatic detection and extraction of foreign materials in cotton, and wireless remote controller of electric appliances as scheduled which technology standards are at the forefront in both local and overseas markets.
- The Group had strengthened the recruitment of technology talents and conducted business training for company staff members in order to form a solid base for technology development. In addition, the Group had planned to upgrade "HP-Trans-Ocean Research & Development Center" to "Trans-Ocean Technology R&D Center". The new center is tasked to research and develop new and high technologies in order to aid the Group's competitiveness in the market.

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- The Group had business development plan in relation to production and sales of PC, notebook PC, and other network equipment as well as ISP, ASP and system integration in order to generate potential profitability in the technology market.
- The Group had built up a team of relevant high-tech talents and worked in collaboration with the Institute of Technical Physics of the Chinese Academy of Sciences, Tongji University, Donghua University. In this way, the Group can continuously obtain new and leading technology information and patented technologies.

**In year 2000, in accordance with the principles of cautious development of real estate project and continuous upgrade of our brandname "Oasis", the Group had achieved encouraging results in real estate business.**

- In full recognition of the real estate market in China and in particular the fact that Shanghai real estate market had rebounded from the valley, the Group had weathered through the looming market thus laid a solid foundation and aggressively prepared itself for the new round of development opportunities.
- Strive to react to new real estate development trend, assertively develop new real estate projects, continuously launch new and market orientated housing style. For example, there are eight housing styles in Bevely Oasis Garden and the Group had already designed another eight housing styles for attracting new customers in order to remain competitive and further boost profitability.
- Revise the traditional marketing strategy:
  - (i) Centralize the sales and marketing resources of all real estates projects (rather than on individual real estate project basis), fully make use of intermediaries and adjust its sales and marketing strategies;
  - (ii) Clear segregation of duties regarding sales and project teams to enhance their professional standards and to boost the sales volume significantly.
- All four real estate projects of the Group under the brandname "Oasis" were progressing as scheduled:

Hand-over of Bauhinia Oasis Garden phase 3 (Block 1); Sales of City Oasis Garden phase 3 totaling 13400 sq.m ; Long Island Oasis Garden phase I totaling 25950 sq.m.; Bevely Oasis Garden phase 1&2 totaling 17430 sq.m.; and pre-sale approval of Bevely Oasis Garden area 7 (37 village) obtained.



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- Stringent implementation of various refined policies and procedures covering independent project budgeting, contract audit, project accounting and final account audit with the objective of streamlining manpower and simplifying policies in order to lower overall project cost.

### Business Outlook

Year 2001 represents the beginning of 21st century and also marks the start of the "Tenth China Economic and Social Development Five-years Plan" (中國國民經濟和社會發展第十個五年計劃). Electronics information industry would become the first backbone industry. During the period of "Tenth Five-years Plan" (十五計劃), it is planned that Shanghai electronics information industry would be developing at a pace of 30% per annum, and representing 25% production value of the overall industry. In addition, electronics information industry in Shanghai would represent 20% production value of China and become the biggest electronics information products base.

The seventh internet subscriber survey results as announced by China International Internet News Center (CIINC) revealed that the number of internet subscribers increased tremendously. In December 2000, the number of internet subscribers in China had reached 22 million, representing an increase of 147% over 1999. It is projected that the number of internet subscribers would be continuously increased tremendously and the broadband network application services market would be greatly developed. Following the transition from housing provision policy to housing subsidy (in cash allowance) policy in China, housing subsidy in cash allowance had been released steadily by Government authorities and public services sector. Domestic property and foreign property will be gradually unified. The demand for properties as a form of consumption had become a hot spot in China market. Demands for commodity residential housing had been escalating and is expected to reach its second climax since 1992.

**The Group shall build on existing major business operations structure, follow Shanghai economic development trend, to achieve breakthrough in the market launch of new and high-tech products.**

In year 2001, the Group will focus on the launch of technology products capable of production especially those new and high-tech opto-electronic products to the market with the aim to become a new profit center. In addition, the Group will accelerate the construction and operation of telecom broadband network as well as broadband internet access services and Shanghai Home Line services in the form of broadband, video frequency, audio data, telecom image and related interactive content services in order to achieve profitability.

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Steady development of real estate, the Group strive to integrate new and high-tech products business with traditional real estate business.

Through excellent housing style, construction characteristics, small residential housing estate environment, provision of comprehensive facilities to promote the brandname "Oasis", the Group plan to construct 100,000 sq.m., achieve sales/pre-sales of 100,000 sq.m. develop 100,000 sq.m. and retain a land bank of 500,000 sq.m. In addition, the Group had strengthened the construction of real estate e-commerce platform embracing second-hand property market consultancy, customer consultancy, internet interactive services, banking and legal procedures which is fast, effective, safe and personalized property investment and trading system.

### Express of Gratitude

The talented staff members, full of innovative ideas, are the best intellectual resources of the Group. These staff members with innovative sentiments and rendering honest services are the driving forces for the Group's development.

I would like to take this opportunity to express my profound gratitude to my fellow directors and staff members of the Group for their hard work, dedicated services and contributions to the Group last year.

**Shi Jian**  
*Chairman*

China, Hong Kong, 18th April, 2001