

RESULTS

During the year 2000, the Group was mainly concentrated in the capital and debt restructuring and business activities were reduced to a minimal level. Turnover for the year ended 31st December, 2000 amounted to HK\$5.2 million, a 95.2% decrease from the previous year. This was mainly due to the drop in sales of property during the year and the discontinuance of property agency business in the second half of 1999.

The Group's turnover for the current year represents gross rental income of HK\$5.2 million contributed mainly from No. 2 Arbuthnot Road and Aberdeen Centre car parking spaces and resulted in gross profit of HK\$1.6 million. Turnover for the previous year consisted of gross proceeds of HK\$63.7 million from disposal of 20th floor, No. 9 Queen's Road Central; gross rental income of HK\$6.9 million mainly derived from No. 2 Arbuthnot Road, Aberdeen Centre car parking spaces, basement of No. 81 Nathan Road, 20th floor, No. 9 Queen's Road Central and No. 170 Portland Street; proceeds of HK\$4.2 million from disposal of trading securities; and HK\$33.6 million derived from property agency business, a total of HK\$18.2 million gross loss was recorded from these activities.

Loss from operations amounted to HK\$40.7 million, a decrease of 66.6% as compared with previous year's loss of HK\$121.9 million. The operating loss for the current year was mainly due to a provision of HK\$23.3 million made for a property under development. The operating loss for the previous year was mainly due to a provision of HK\$69.4 million made for investment properties and properties under development.

Capital and debt restructuring was completed on 20th November, 2000.

DIVIDENDS

No interim dividend was declared for the year (1999: Nil). The Board does not recommend the payment of any final dividend for the year ended 31st December, 2000 (1999: Nil).

業績

於二零零零年，本集團專注於資本及債務重組，業務活動降至最低。截至二零零零年十二月三十一日止年度之營業額為5,200,000港元，較上年度減少95.2%，主要由於年內出售物業減少及物業代理業務在一九九九年下半年終止所致。

本集團本年度之營業額為總租金收入5,200,000港元，主要來自亞畢諾道2號及香港仔中心停車位，毛利為1,600,000港元。上年度之營業額包括出售皇后大道中9號20樓之所得款項總額63,700,000港元；主要來自亞畢諾道2號、香港仔中心停車位、彌敦道81號地庫、皇后大道中9號20樓及砵蘭街170號之總租金收入6,900,000港元；出售買賣證券之所得款項4,200,000港元；及來自物業代理業務之33,600,000港元，該等業務活動合共錄得毛損18,200,000港元。

經營虧損為40,700,000港元，較上年度虧損121,900,000港元減少66.6%。本年度之經營虧損主要因為就發展中物業作出23,300,000港元之準備所致。上年度之經營虧損主要因為就投資物業及發展中物業作出69,400,000港元之準備所致。

資本及債務重組已於二零零零年十一月二十日完成。

股息

本公司並無宣派本年度之中期股息（一九九九年：無）。董事會建議不派發截至二零零零年十二月三十一日止年度之末期股息（一九九九年：無）。

主席報告書

OPERATION REVIEW

The year 2000 was critical for the Group. Due to the significant decline in property prices of over 40%-50% after the financial crisis, starting from the second half of 1998, the Group had recorded a substantial loss of HK\$1,288 million for 1998 and had a negative net asset value. Accordingly, the Group was unable to service interests and repayment of loans and unable to maintain its normal operations. The previous management and the major creditors of the Company had started to search for a new investor as a "White Knight" to rescue the Company and restructure its capital and indebtedness, so as to save the Company and the Group from bankruptcy. In the year 2000, the Company was on the point of being wound up by creditors if no suitable investor could be secured to inject capital and assets into it, and the chances of any return for shareholders and creditors would have been slim.

Several attempts and restructuring proposals were submitted by, inter alia, Chinese Estates Holdings Limited and Far East Consortium International Limited, aiming at reaching a compromise between the Company's twenty-three major creditors and its major shareholders for a capital and debt restructuring (the "restructuring") in return for a controlling stake in the Company. After two restructuring agreements had been entered into with investors but had lapsed due to non-fulfilment of certain conditions, the Company finally entered into a new restructuring agreement in early April 2000 with the investor, Billion Up Limited, a subsidiary of Chinese Estates Holdings Limited (collectively, the "Chinese Estates Group"), for a reduction of capital, change of major controlling shareholding, and an elimination of total indebtedness by compromising its debts with creditors. However, in the meantime, a winding-up petition was initiated by one of the creditors of the Company.

After much effort, the Company had successfully secured a compromise agreement, between its principal creditors and the investor in June 2000 and obtained the support of over 80% of its creditors by value for the reduction in its total indebtedness, which was then presented for shareholders' consent in an extraordinary general meeting and the sanction of the Court for the implementation of the Scheme of Arrangement with its creditors.

業務回顧

二零零零年對本集團乃嚴峻的一年。由於物業價格在金融風暴後大幅下滑逾四至五成，自一九九八年下半年起，本集團於一九九八年錄得嚴重虧損達1,288,000,000港元及負資產淨值。因此，本集團在無力支付利息及償還貸款的情況下，不能維持正常營運。前管理層與本公司之主要債權人遂開始物色新投資者作為「白武士」並重組本公司之資本及債務，以挽救本公司及本集團免致破產。在二零零零年，本公司如未能物色適合之投資者注入資金及資產，本公司則將會被債權人清盤；而屆時股東及債權人獲發還任何資本之機會將會甚微。

包括Chinese Estates Holdings Limited及Far East Consortium International Limited之投資者曾屢次嘗試提出重組建議，冀能與本公司23位主要債權人及主要股東就資本及債務重組（「重組」）達成妥協，以換取於本公司之控制權。本公司曾與投資者先後訂立兩份重組協議，但由於若干條件未能達成而告失效。最後，本公司與Chinese Estates Holdings Limited之附屬公司Billion Up Limited（統稱「華人置業集團」）於二零零零年四月初，就削減股本、改變主要控股權及透過與債權人協商撤銷債項訂立一份新重組協議。然而，本公司一位債權人與此同時提出清盤呈請。

經過多番努力，本公司成功於二零零零年六月獲取其主要債權人與投資者之債務妥協協議，並取得佔本公司負債總額逾八成之債權人支持削減其總債務。該協議將隨後在股東特別大會上提呈以取得股東同意，並有待法院批准以進行與債權人之債務償還安排。

On 22nd September, 2000, the shareholders consented to the capital restructuring. On 24th October, 2000, the Court approved the proposed Scheme of Arrangement with its creditors, and the winding-up petition against the Company was withdrawn. On 20th November, 2000, the Company finally completed its marathon restructuring exercise, involving a capital reduction, a compromise of the Group's indebtedness with creditors, an asset and cash injection, an issue of new shares and warrants and a change of the Company's controlling shareholder. Hence, the Company and the Group as a whole became subsidiaries of the publicly listed Chinese Estates Group.

Through the implementation of the capital reduction and the Court-sanctioned Scheme of Arrangement with creditors, the Company had succeeded in eliminating approximately HK\$819.7 million of its outstanding indebtedness, of which HK\$676.7 million was converted into equity interests according to the respective proportion of indebtedness of each creditor, by a new issue of 662.5 million shares and 594,261,068 units of 3 years' warrants at an exercise price of HK\$0.10 of the Company. The issue included a put option, enabling the creditors to sell the issued shares and warrants to the Chinese Estates Group. The Company had also distributed HK\$56.6 million (after adjustments) in cash to its creditors to compromise its debts. Whereas, in consideration for the Chinese Estates Group's injection of HK\$60 million in cash, a 138-room hotel development project at Hillier Street, and an investment property consisting of 80 car parking spaces at Aberdeen Centre, at an adjusted total value of HK\$216 million, the Company had allotted a total of 1,987,500,000 new shares to the Chinese Estates Group which, thus, effectively obtained a 66.89% controlling stake in the Company. At present, the Chinese Estates Group has 72.28% share interests in the Company after certain creditors exercised the put options procuring the Chinese Estates Group to purchase the shares of the Company receivable by the creditors under the Scheme of Arrangement.

After the Company's struggle for survival culminated in a rescue plan, the Group had restored its solvency with a positive net asset value. New management was put in place to manage the operation of the Group under the umbrella of the Chinese Estates Group.

於二零零零年九月二十二日，股東通過進行資本重組。於二零零零年十月二十四日，法院批准與債權人之債務償還安排建議，而針對本公司之清盤呈請亦已撤回。於二零零零年十一月二十日，本公司最終完成其馬拉松式之重組事項，其中涉及削減股本、與債權人就本集團之債務達成妥協、注入資產及現金、發行新股及認股權證，以及改變本公司之控權股東。自此，本公司及本集團整體成為公開上市之華人置業集團之附屬公司。

透過進行股本削減及經法院批准與債權人之債務償還安排，本公司成功撇銷其未償還債項約819,700,000港元。其中676,700,000港元，乃根據各債權人所佔之債務比例轉換為股本權益，獲發行合共662,500,000股新股及594,261,068份每份行使價0.10港元為期三年之本公司認股權證。上述之發行附帶認沽期權，可供債權人向華人置業集團出售已發行之股份及認股權證。本公司亦向其債權人分配現金56,600,000港元（經調整後）作為債務妥協。此外，鑑於華人置業集團注入60,000,000港元現金，以及禧利街138個房間之酒店發展項目及香港仔中心80個停車位之投資物業（經調整總值為216,000,000港元）之代價，本公司向華人置業集團配發合共1,987,500,000股新股，而華人置業集團藉此實際獲得本公司66.89%控股權。經本公司若干債權人行使認沽期權促使華人置業集團購入其根據債務償還安排應收之股份後，華人置業集團目前持有本公司72.28%股權。

本公司經過漫長掙扎後成功落實挽救方案，而本集團已回復其償債能力及正資產淨值。新管理層已成立，並在華人置業集團之調度下管理本集團之運作。

主席報告書

PROPERTY REVIEW

As part of the Scheme of Arrangement with the creditors, the Company had delivered possessions to its mortgagee of the properties on the 11th floor of Harcourt House and 75 car parking spaces at Aberdeen Centre; while the encumbered Arbuthnot Business Centre and the 51% interest in the No. 34 Hill Road project together with their corresponding loans (as reducing by the restructuring) remained and held by the Group for disposal.

Upon completion of the restructuring, a 138-room hotel development project at Hillier Street and 80 car parking spaces at Aberdeen Centre were then injected into the Group and formed, together with the encumbered Arbuthnot Business Centre and the No. 34 Hill Road project retained after the restructuring, a new property portfolio of the Group.

Besides, the Group still has a 10% interest in the World Trade Plaza in Tsimshatsui and 15% and 10% interests in two PRC properties, namely Golden World Centre in Wuhan and Golden World Plaza in Foshan, respectively. As such projects were being managed by their joint-venture partners, they are under review by the new management, which is exploring all opportunities to restore value to the Group.

As the operation of the Company was maintained at a low level, except for efforts to implement the restructuring, the day to day business operations were kept to a minimum. For the year 2000, the Group recorded a gross rental income of HK\$5.2 million, mainly from the mortgaged investment properties at Arbuthnot Business Centre and car parking spaces at Aberdeen Centre.

Car Parking Spaces at Aberdeen Centre — Investment Property

On completion of the restructuring, the original encumbered 75 car parking spaces at Aberdeen Centre, which were mortgaged to a creditor to secure a loan, were delivered possession to the mortgagee; and another 80 car parking spaces at Aberdeen Centre were injected from the Chinese Estates Group into the Group. As at 31st December, 2000, a total of 66 car parking spaces have been leased to various licensees and generated a monthly rental income of approximately HK\$153,000. The occupancy rate and monthly rental income of the said car parking spaces are improving.

物業回顧

作為與債權人之債務償還安排之一部份，本公司已交出有關夏慤大廈11樓物業及香港仔中心75個停車位之擁有權予承按人，而附帶產權負擔之亞畢諾商業中心及位於山道34號項目之51%權益連同其各自經重組削減之貸款繼續由本集團保留及出售。

禧利街138個房間之酒店發展項目及香港仔中心80個停車位於重組完成時注入本集團，連同重組後保留附帶產權負擔之亞畢諾商業中心及山道34號項目組成本集團之新物業組合。

此外，本集團仍持有尖沙咀世貿廣場10%權益，另分別持有兩項中國物業，即武漢金源世界中心及佛山金源置地大廈15%及10%權益。由於該等項目由各自之合營夥伴管理，故本集團新管理層現正進行探討，以尋求一切回復價值之機會。

由於本公司維持低營運程度，除進行重組之若干工作外，日常營運均減至最低。於二零零零年，本集團錄得總租金收入5,200,000港元，主要來自按揭投資物業亞畢諾商業中心及香港仔中心停車位。

香港仔中心之停車位 — 投資物業

於重組完成後，抵押予一位債權人並附帶產權負擔之香港仔中心75個停車位，已歸承按人所有。華人置業集團已向本集團注入另外於香港仔中心80個停車位。於二零零零年十二月三十一日，共有66個停車位租予不同之獲許可人，每月租金收入約為153,000港元。該等停車位之出租率及每月租金收入正在改善中。

Arbuthnot Business Centre — Investment Property

Arbuthnot Business Centre is a 25-storey commercial centre located at No. 2 Arbuthnot Road, near to the busy commercial region in Central. It was converted into a business centre in November 1997, with a total of 62 office units with floor areas ranging from 242 to 624 square feet. The new management of the Company is working on modifying its package of services provided to occupiers of the Centre and aims to increase the occupancy rate and rental income.

Hillier Street — Development Property

A 138-room hotel development project with a buildable floor area of approximately 70,000 square feet at Hillier Street was acquired by the Company on 20th November, 2000 from the Chinese Estates Group as part of the restructuring program. Piling works for this hotel development have been completed. In view of the special geotechnical condition of the site, additional site investigation and testing works are required for the foundation and it is anticipated that superstructure works will commence around mid 2001. It is scheduled that the whole development will be completed in the third quarter of 2002.

No. 34 Hill Road in Western District — Development Property

The subject property is a 7-storey composite building over 30 years old. The property is currently vacant. The re-development of this property, having a saleable area of 6,835 square feet and being held by the Group at 51% interest, was suspended. This site has been put onto the market for sale. The new management believes that it is in the best interests of the Group to complete the sale of the site.

In addition, the property agency business of the Group was completely terminated in the second half of 1999 before the restructuring.

CORPORATE INFORMATION**Share Capital**

The Company's share capital was completely restructured near the end of year 2000. The authorised share capital was increased from HK\$50,000,000 to HK\$500,000,000 and the par value of the shares was reduced from HK\$0.20 to HK\$0.10 each. The issued share capital was also reduced from HK\$64,261,068.60 to HK\$32,130,534.30.

亞畢諾商業中心 — 投資物業

亞畢諾商業中心為一幢25層高商業中心，位於亞畢諾道2號，毗鄰繁華之中環商業區。該物業於一九九七年十一月改建為商業中心，共有62個寫字樓單位，單位樓面面積介乎242至624平方呎。本公司之新管理層正着手調整其提供予該物業租戶之服務組合，旨在提高出租率及租金收入。

禧利街 — 發展物業

本公司於二零零零年十一月二十日，從華人置業集團購入位於禧利街可建樓面面積約為70,000平方呎之138個房間之酒店發展項目，作為重組計劃之一部份。該酒店發展項目之打樁工程已經完成。鑑於該地盤之特別土力狀況，地基工程需要進行額外之地盤勘測工作，預計上蓋工程將於二零零一年年中展開。整個發展項目按計劃將於二零零二年第三季完成。

西環山道34號 — 發展物業

該物業為樓齡超過三十年之七層高綜合大廈，目前空置。該物業之可出售面積為6,835平方呎，本集團持有51%權益，其重建計劃遭擱置。該地皮已推出市場出售。新管理層相信完成該地皮之出售乃合乎本集團之最佳利益。

此外，本集團之地產代理業務已於重組前在一九九九年下半年完全終止。

公司資料**股本**

本公司股本已於接近二零零零年年底時完成重組。法定股本由50,000,000港元增至500,000,000港元，股份面值則由每股面值0.20港元削減至0.10港元。已發行股本亦由64,261,068.60港元削減至32,130,534.30港元。

主席報告書

A total of 1,987,500,000 shares were allotted and issued to Billion Up Limited in consideration for the asset and cash injections to the Company and thereafter the controlling share interest of the Company was vested in the Chinese Estates Group. A new board of directors, which comprises two Executive Directors and two Independent Non-executive Directors, was formed.

As part of consideration for compromising its indebtedness, 662,500,000 shares and 594,261,068 warrants were allotted to the Company's creditors. Holders of warrants will be entitled to subscribe for fully-paid shares of HK\$0.10 each of the Company at an initial subscription price of HK\$0.10 per share before close of business on 20th November, 2003. No warrants were exercised during the year.

PROSPECTS

Having recorded a negative net asset value and a substantial loss in previous years, the Company has been on the edge of insolvency. For the past two years, the Company, its management and advisors had concentrated principally on a rescue plan which would be secured among and be acceptable to the Company, its major creditors and shareholders and the investors.

Most of the creditors had generally extended their understanding and support to the restructuring. As the overall Hong Kong economy has been improving since the first half of the year 2000, and in line with the strategic movement of the Chinese Estates Group, and under acceptable terms for the shareholders and creditors, a successful rescue plan finally could be reached.

After completion of the restructuring, the Group retains its positive net asset value. Being supported by the management of the Chinese Estates Group, the Company is currently back to its normal mode of operation. Even though the number and size of the projects which the Company is, at the moment, handling is relatively small as compared with other property companies, the Company and its investor, the Chinese Estates Group, will work closely together to review for selection of any suitable projects and opportunities, both in term of property interests and/or other business investment interests.

合共1,987,500,000股股份獲配發予Billion Up Limited, 作為對本公司注入資產及現金之代價, 其後本公司之控權股份權益由華人置業集團擁有。新董事會(包括兩名執行董事及兩名獨立非執行董事)經已成立。

作為債務妥協之部份代價, 662,500,000股股份及594,261,068份認股權證獲配發予本公司債權人。認股權證持有人有權於二零零三年十一月二十日辦公時間結束前按初步認購價每股0.10港元認購本公司每股面值0.10港元之繳足股份。認股權證概無於年內獲行使。

展望

本公司過去錄得負資產淨值及嚴重虧損, 歷處破產邊緣。在過往兩年以來, 本公司、管理層及顧問均致力尋求一個既能保障、亦獲眾主要債權人、股東及投資者接受之拯救計劃。

大部份債權人對重組事宜皆表支持及理解。乘着香港整體經濟自二零零零年上半年起正趨改善, 並以華人置業集團策略性變動與以配合, 一個載有獲股東及債權人接受的條款之拯救計劃終能達成。

於重組完成後, 本集團已回復正資產淨值。本集團在華人置業集團管理層支持下, 業務已重上軌道。儘管本集團目前處理中的項目數量及規模遜於其他物業公司, 本公司將與其投資者——華人置業集團緊密合作, 共同就物業及/或其他投資的權益物色合適項目及機會。

As the economic fundamentals of Hong Kong are solid, the overall economy is recovering from recession and property prices appear to have bottomed out, the business outlook for Hong Kong remains positive as Hong Kong still remains in top tier of countries for good business opportunities. The future of property market is promising and so are the prospects of the Company.

APPRECIATION

I would like to take this opportunity to express our thanks to the banks and the creditors for their continuing support for the Group.

Thomas Lau, Luen-hung
Chairman

Hong Kong, 6th April, 2001

由於香港經濟基礎穩固，整體經濟從衰退中逐步復甦，物業價格亦由谷底回升，加上香港仍然處身於具有良好商機之一級國家行列，香港之營商前景尚算理想，展望物業市場之未來發展及本公司前景樂觀。

致謝

本人謹藉此機會多謝銀行及債權人對本集團之長期支持。

主席
劉鑾鴻

香港，二零零一年四月六日