

主席報告書

RESULTS

Turnover for the year ended 31st December, 2000 amounted to HK\$649.7 million, a 19.4% decrease from the previous year. It was mainly due to the drop in securities trading. Gross profit for the year ended 31st December, 2000 decreased by 15.3% to HK\$564.0 million over the previous year because of the decrease in profit on securities trading. Gross profit comprised of net rental income of HK\$521.9 million, a decrease of 5.9% from last year. The Group's audited consolidated net loss for the year ended 31st December, 2000 was HK\$378.8 million (1999: profit of HK\$138.2 million). Loss per share was 17.6 cents (1999: earnings per share of 7.2 cents).

Other revenue recorded an increase of 58.1% to HK\$97.9 million when compared with last year due to increase in interest income and profit on disposal of other fixed assets. Administrative expenses reduced by 7.8% to HK\$161.2 million as compared with last year as a result of effective control in costs.

A development project held by an associate was completed during the year and sale of the project had resulted in a loss of HK\$58.7 million attributable to the Group. To reflect the adjustment of property development value, provision of HK\$49.6 million was made for a development project held by a subsidiary, and a total of HK\$236.5 million was made for development projects held through associates.

The Kwong Sang Hong International Limited ("Kwong Sang Hong") and Evergo China Holdings Limited ("Evergo China") had recorded operating loss for the year and these losses were equity accounted for in share of results of associates. In addition, there was a deemed loss on dilution effect of shareholding in Kwong Sang Hong.

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

截至二零零零年十二月三十一日止年度之營業額為649,700,000港元，較上年度減少19.4%，主要是由於證券買賣減少所致。截至二零零零年十二月三十一日止年度之毛利較上年度減少15.3%至564,000,000港元，乃由於證券買賣之溢利減少所致。毛利包括淨租金收入521,900,000港元，較上年度減少5.9%。本集團截至二零零零年十二月三十一日止年度之經審核綜合淨虧損為378,800,000港元（一九九九年：溢利138,200,000港元），每股虧損為17.6仙（一九九九年：每股盈利7.2仙）。

其他收入為97,900,000港元，較上年度增加58.1%，是由於利息收入增加及出售其他固定資產之溢利所致。由於有效控制成本，行政開支為161,200,000港元，較上年度減少7.8%。

一間聯營公司持有之一個發展項目於年內完成，而本集團攤佔該項目之出售虧損為58,700,000港元。為反映物業發展價值之調整，本集團就一間附屬公司持有之發展項目作出49,600,000港元之撥備，而有關透過聯營公司持有之發展項目之撥備合共為236,500,000港元。

The Kwong Sang Hong International Limited（「廣生行」）及 Evergo China Holdings Limited（「愛美高中國」）於年內錄得經營虧損，該等虧損已列入攤佔聯營公司業績內。此外，年內錄得因持有廣生行之股權被攤薄而視為出現之虧損。

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）。

BUSINESS REVIEW***Hong Kong Investment Properties***

The rental market has stabilised and the occupancy rate of our Group's investment portfolio has improved during the year, as a result of the recovery of the Hong Kong economy. However, the Group's gross rental income still recorded a drop of 8.5% from HK\$602 million in year 1999 to HK\$551 million in year 2000. As the new rents achieved in most cases of lease renewal were lower than those of the previous term, which were almost all agreed around 1997.

Overall leasing conditions continued to improve during the first part of 2000. As the increase in economic activity, expansion of Information Technology (IT) companies has absorbed much of the supply of office space, particularly for Grade A office, while the demand has extended to office space in some fringe areas other than the core of Central District. The strong demand supported a significant rise in overall office rentals last year. As at the end of year 2000, the occupancy rate of the office spaces of the MassMutual Tower and Harcourt House have reached 98.73% and 93.73% respectively.

Combined with improvements in economic fundamentals, consumer sentiment and increase in tourist arrivals, retail business in prime shopping district has noticeably rebounded.

Recently, the Group has increased its portfolio of retailing properties in Causeway Bay, which is the traditional prime shopping district in Hong Kong by the additions of approximately 38,648 square feet of retailing space consisting of 15 units of shops, which include the shops of the New Face by Sogo in the Excelsior Plaza. The said shops have a total current rental income of approximately HK\$4.28 million per month. The management considered the acquisitions as a strategic move to enhance the overall value and importance of its existing retailing portfolio in Causeway Bay, which includes the Windsor House and Causeway Place besides that of the acquired units in the Excelsior Plaza. It is believed that the move can bring about a synergy and efficiency in term of letting, marketing and management.

業務回顧**香港投資物業**

香港經濟復甦已穩定租金市場，本集團投資物業組合之出租率亦見改善。然而，本集團之總租金收入仍錄得8.5%之跌幅，由一九九九年之602,000,000港元下降至二零零零年之551,000,000港元，原因是大部份續租之租金較於一九九七年高峰期訂約之租金為低。

二零零零年上半年整體租賃業務持續改善。經濟活動增加，以及資訊科技公司之擴充吸納了大部份寫字樓單位(特別是甲級寫字樓)之供應，而對寫字樓單位之需求延伸至中環核心以外之外圍地區。租戶之殷切需求令去年整體寫字樓租金顯著上升。於二零零零年年底，美國萬通大廈及夏慤大廈寫字樓單位之出租率分別達98.73%及93.73%。

隨着經濟狀況及消費意慾改善，加上來港旅客數字上升，購物旺區之零售市道顯著轉好。

最近，本集團增加其於香港傳統購物旺區銅鑼灣之投資，購入額外約38,648平方呎零售面積，包括怡東商場內15個單位(其中包括崇光新面貌商舖)，該等商舖現時每月總租金收入約為4,280,000港元。管理層認為該等收購可提高除購入之怡東商場商舖外，其現有在銅鑼灣區之零售物業組合(包括皇室大廈及銅鑼灣地帶)整體價值之策略，並將能夠在租務表現以及市場營運及大廈管理之整體效率方面帶來協同效益。

主席報告書

The Group's management emphasizes on enhancing the quality of its properties, improving in letting performance and meeting the changing demands of its tenants. During the year 2000, the Group renovated a number of its investment properties. The external walls and the podium of the New York Life Tower and the In Square of Windsor House were refurbished to provide with a fresh image for shoppers. By the end of year 2000, the first and second floors of Hong Kong Mansion were converted into a modern shopping mall called "Causeway Place"; the original single restaurant tenant of this property was replaced with a diversity of specialty shops in two large platforms of floors now occupied by over 160 tenants. With the new design concept, traffic flow of visitors/shoppers and the rental value of the property have significantly increased. The management believes that the "Causeway Place" will emerge as another prominent meeting place for shoppers, in particular, after its front street be opened as a restricted pedestrian area as planned. At the end of 2000, Causeway Place had achieved an occupancy rate of 90%, with rental income estimated at over HK\$70 million a year.

The letting of the Group's renowned Wanchai Computer Centre was almost fully let in the year 2000, and it has generated a steady income of around HK\$39 million a year. Since last year, the improvement in the traffic flow and shopping atmosphere in Canton Road of Tsimshatsui has created a positive impact on the Silvercord Shopping Arcade, and the Group has put effort in improving its tenant mix and believes that a better flow of shoppers and letting performance can be achieved. The Group's portfolio of retail properties are mainly located in prominent shopping districts in Hong Kong, and it is believed that a steady improvement of its rental performance can be achieved.

Hong Kong Development Properties

The Group is committed to increasing its participation in Hong Kong's property development market through the use of prudent selection criteria for suitable opportunities. Most of the Group's direct interests in property developments are mainly in commercial and residential projects within the northern part of Hong Kong Island and the southern part of the Kowloon Peninsula. The Group believes that the limited supply of land can support price levels and sustain demand.

本集團之管理層致力提高其物業之質素、積極改善租務表現及配合租戶不斷改變之需求。於二零零零年內，本集團為其投資物業進行多項翻新工程。紐約人壽大樓及皇室大廈之皇室堡之外牆及平台均經過翻新，務求帶給消費者嶄新形象。於二零零零年年底香港大廈第一及第二層已順利改建為現代化之購物商場，名為「銅鑼灣地帶」，租戶包括兩層大型平台之不同商舖共超過160間商戶，取代了原本之單一酒樓租戶。在新設計概念之帶動下，人流顯著增加，該物業之租值亦顯著提升。管理層相信「銅鑼灣地帶」正門面向之街道在實施為行人專用區後，將成為購物人士之另一熱門集中地。於二零零零年年底，銅鑼灣地帶之出租率達90%，每年租金收入估計超過70,000,000港元。

本集團著名之灣仔電腦城在二零零零年幾乎全部租出，帶來穩定之全年租金收入約39,000,000港元。自去年起，尖沙咀廣東道交通流量及購物氣氛之改善，為集團之新港中心購物商場帶來正面影響，而本集團已着手改進其租戶組合，並相信在購物人流及租務表現方面可以更進一步。本集團之零售物業組合主要位於香港之購物旺區，相信其租務表現能夠穩步改善。

香港發展物業

本集團持着審慎原則及把握適合之機會，致力增加其於香港物業發展市場之參與。本集團於物業發展項目之大部份直接權益主要為港島北部及九龍半島南部之商業及住宅項目。本集團相信有限之土地供應將能承托價格水平及需求。

During the 2000 fiscal year, the Group had added two new development projects to its existing portfolio. One is a 100% interest in a residential development project at Kau Pui Lung Road with a development potential of approximately 46,000 square feet gross floor area of mixed residential/commercial spaces. Lease modification for a change of land usage and the land premium have been settled. The demolition of existing building will start soon. The whole project is expected to be completed in 2003.

In mid 2000, the Group acquired another 10% interest in a consortium formed for the redevelopment of the former military hospital in King's Park, a site at the junction of Princess Margaret Road and Wylie Road, Kowloon. It is planned that the development will consist of 700 luxurious domestic units with a gross floor area over 904,000 square feet. The Master Layout Plan was submitted in November 2000, pending clarification of certain technical issues with the Town Planning Board. Site formation works is scheduled to commence in the third quarter of 2001, and the project is scheduled to complete in year 2004.

Land acquisition for Phase I of the redevelopment joint-venture project with Land Development Corporation in Tai Yuen Street was completed in October 2000. Foundation works will start in the second half of 2001, after the current demolition works is completed. Phase I of the project will be completed as scheduled in 2003.

The Hing Wah Street residential/commercial project (50% interest) was completed in April 2000. All residential units, retailing units and carparks in this project were sold except that the first floor of commercial units has been leased for a term of 3 years. Foundation works of Shiu Fai Terrace project (50% interest) are expected to be completed in the third quarter of 2001 which will be followed by the construction of its superstructure. Site formation and foundation works for the Conduit Road project (70% interest) will commence in mid 2001.

於二零零零年財政年度內，本集團為其現有組合增加兩個發展項目。其中一個是位於靠背壟道之住宅發展項目之100%權益，該項目為可發展總樓面面積約為46,000平方呎之商住項目。更改土地用途之契約修訂以及補地價事宜已經辦妥。拆卸現有樓宇之工程將於稍後展開，而整個項目預計於二零零三年完成。

於二零零零年年中，本集團購入為重建京士柏公園前陸軍醫院而組成財團之10%權益，有關之地皮位於九龍公主道與衛理道交界。該項目計劃興建700個豪華住宅單位，總樓面面積超過904,000平方呎。總綱發展藍圖已於二零零零年十一月提交，現有待向城市規劃委員會澄清若干技術事宜。地基工程預期於二零零一年第三季展開，而該項目預期於二零零四年完成。

本集團與土地發展公司於太原街之合營重建項目之第一期收地已於二零零零年十月完成。待現行拆卸工程完成後，地基工程將於二零零一年下半年展開。該項目之第一期發展預期於二零零三年完成。

整個興華街商住項目(50%權益)已於二零零零年四月完成，除一樓之商業單位已出租(租期為三年)外，所有住宅單位、零售單位及車位已經售出。肇輝台項目(50%權益)之地基工程預計於二零零一年第三季完成，隨後將會進行上蓋工程。干德道項目(70%權益)之地盤平整及地基工程將稍後於二零零一年年中展開。

主席報告書

Superstructure works for the Hillier Street project is expected to start in mid 2001. In November 2000, the Group disposed of, inter alia, the whole Hillier Street project to the publicly-listed Chi Cheung Investment Company, Limited (“Chi Cheung”) because of the Group’s involvement in the Chi Cheung’s debt and capital restructurings. As a result of this disposal, the Group has acquired a major equity interests in Chi Cheung.

CORPORATE INFORMATION

2000 Warrants

The exercise of 2000 warrants of the Company has provided a positive cash inflow as additional working capital for the Group. During 2000, 96,258,901 units of 2000 warrants were exercised to subscribe for 96,258,901 shares of the Company at a total subscription price of approximately HK\$98 million. Most of the warrants were exercised by Mr. Joseph Lau, Luen-hung, Director of the Company. The 2000 warrants expired at the close of business on 24th November, 2000 and 94,756,438 units of outstanding 2000 warrants lapsed upon expiry.

Acquisition of Chi Cheung

On 20th November, 2000, the Group completed the acquisition of a 66.89% controlling shareholding in Chi Cheung, a property development company listed in Hong Kong, by participating in Chi Cheung’s debt and capital restructurings and by injecting into Chi Cheung of a 138-room hotel development project at Hillier Street and 80 carparking spaces at the Aberdeen Centre at an adjusted value of HK\$216 million, together with a cash contribution of HK\$60 million. The Group aims to maintain Chi Cheung as its arm for certain property developments and investments, and may consider to diversify its business if suitable opportunity arises. At present, the Group has 72.28% share interests in Chi Cheung after certain creditors of Chi Cheung exercised the put options procuring the Group to purchase their shares receivable under the scheme of arrangement of Chi Cheung.

禧利街項目之上蓋工程預計於二零零一年年中展開。於二零零零年十一月，本集團基於參與公開上市之至祥置業有限公司（「至祥」）之債務及資本重組，已將（其中包括）整個禧利街項目售予至祥，經上述出售後，本集團獲得至祥之重大股本權益。

公司資料

二零零零年認股權證

本公司二零零零年認股權證之行使，為本集團帶來現金作為額外營運資金。於二零零零年內，96,258,901份二零零零年認股權證獲行使，以認購96,258,901股本公司股份，總認購款項約為98,000,000港元。大部份認股權證乃由本公司董事劉鑾雄先生行使。二零零零年認股權證於二零零零年十一月二十四日辦公時間結束時屆滿，94,756,438份尚未行使之二零零零年認股權證於屆滿時失效。

收購至祥

於二零零零年十一月二十日，本集團藉參與至祥（一間香港上市物業發展公司）之債務及資本重組，以經調整價值216,000,000港元注入禧利街設有138個房間之酒店發展項目及香港仔中心80個車位，以及注入現金60,000,000港元，以收購至祥66.89%股份控股權。本集團旨在維持至祥成為其若干物業發展及投資之旗艦公司，並可考慮在適當機會時使至祥之業務達至多元化。經至祥若干債權人行使認沽期權，促使本集團購入其根據至祥債務償還安排中應收之股份後，本集團目前持有至祥72.28%股權。

Connected Transactions and Issue of Convertible Bonds

During the year and up to the date of this report, the Company entered into a connected transaction and a connected and share transaction in relation to the acquisitions of various portions of the Excelsior Plaza in Causeway Bay. Both acquisitions of a total of approximately 38,648 square feet of the retailing space in the Excelsior Plaza were approved by the independent shareholders of the Company in special general meetings. Part of the consideration for the acquisition of the units occupied by the New Face by Sogo was satisfied by the Company's issue of 3% interest convertible bonds (the "Bonds") due in 2003 in the aggregate principal amount of HK\$200 million on 21st March, 2001, the holders of which are entitled to convert the Bonds into shares of the Company at HK\$1.08 per share. The issue of Bonds would allow the Group to retain more cash reserves, enabling the Group to capture property investment opportunities which may arise in the future.

Placing and Subscription

The Company raised approximately HK\$168 million (net of expenses) in December 2000 through a placement of 95,000,000 issued shares and a top-up subscription of 212,300,000 new shares of the Company by Mr. Joseph Lau, Luen-hung and Golden Game Overseas Limited, a director and a controlling shareholder of the Company respectively. The net proceeds of HK\$160 million was used for repayment of loans of the Group with the balance retained for general working capital use.

Credit Rating

Standard & Poor's has placed its B+ corporate credit rating on the Company after its CreditWatch in March 2001. The Directors have not noted of any adverse impact on the Group's cost of borrowing nor borrowing ability. Recently, the Group has completed a re-financing of HK\$650 million facility with a syndicate of banks on normal current commercial terms of financing.

關連交易及發行可換股債券

於本年度內及直至本報告日期，本公司就購入銅鑼灣怡東商場若干部份訂立一項關連交易及一項關連及股份交易。該兩項收購共購入在怡東商場約38,648平方呎之零售面積，並已獲本公司獨立股東於股東特別大會上批准。購入崇光新面貌所租用物業之部份代價，是以本公司於二零零一年三月二十一日發行本金總額200,000,000港元並於二零零三年到期之3厘可換股債券（「債券」）支付。債券持有人有權按每股1.08港元將債券轉換為本公司股份。發行債券使本集團保留更多現金儲備，用於日後物色物業投資機會。

配售及認購

本公司透過配售95,000,000股已發行股份，以及本公司董事劉鑾雄先生及本公司之控權股東Golden Game Overseas Limited認購212,300,000股本公司新股份，於二零零零年十二月籌得約168,000,000港元（已扣除開支）。所得款項淨額160,000,000港元用作償還本集團貸款，餘額則保留作一般營運資金用途。

信貸評級

於二零零一年三月，標準普爾在其信用觀察後，給予本公司B+公司信貸評級。據董事會所知，本集團之借貸成本或借貸能力並無受到任何不利影響。本集團最近以一般現行商業融資條款完成向一銀團取得650,000,000港元之再融資信貸額。

主席報告書

PROSPECTS

For the year 2000, the economy of Hong Kong has gradually recovered from recession, even though the economic performance in the second half was less encouraging than that of the first half of the year, due to the reduction in activities in the IT sector and uncertainties over house prices. Nevertheless, the decrease in mortgage rate and the ease of credit, the pick up of domestic demand led by increasing disposable income and consumer sentiment helped all the economy to regain its positive economic path with 4% real GDP growth in year 2000.

The Government has demonstrated its commitment to restoring confidence in property sector by tightening the supply of subsidized flats and scaling down public land sales. The monthly mortgage payment of home purchasers is now lower than rental payment by tenants due to the historical low mortgage rate, and house prices have reached a more affordable level. Accordingly, overall sentiment for the Hong Kong property sector should be sustained and show steady growth.

Buying activities for end-users in the residential market and strata-title properties sales for both grade A and grade B offices in various locations started to pick up in last July. This is a phenomenon not been seen since the economic crisis. Investors are being attracted back to both office spaces and luxurious residential units, as overall property prices are believed to have bottomed out. Current auction prices at land auctions have reflected a positive view among the developers that they are expecting a recovery of residential prices over the next couple of years.

With the re-launching and re-letting of the Group's renovated properties, the cutting back of rent-free periods and the cease of requests from tenants on lower rental, barring unforeseen circumstance, such as severe world-wide recession or a slump in global stock markets, the Directors expect that the overall Hong Kong economy and its property market will continue a positive growth. The Group will continue to place emphasis on enhancing its property portfolio and strengthening its management and operations to enable it to take advantage of potential opportunities in the future.

展望

由於資訊科技業之活動放緩，以及樓價方向未明朗，令下半年之經濟表現未如上半年般理想。然而，香港經濟已在二零零零年從衰退中逐漸邁向復甦。按揭息口下降及信貸放寬，以及因可動用入息及消費意慾增加而帶動之本地需求上升，均有助經濟重上正增長之軌道，在二零零零年錄得本地生產總值實質增長為4%。

政府藉收緊補貼住屋之供應量及減少賣地，以顯示其銳意恢復樓市信心。歷史新低之按揭息率，使置業者每月按揭供款較租金支出為低，而樓價亦已達致較能負擔之水平。因此，香港之物業市道整體氣氛可靠穩及逐步改善。

住宅市場用家之置業活動，以及多個地區之甲級及乙級寫字樓之分拆業權物業銷售，自去年七月已開始增加。此現象乃自從經濟逆轉之後首次出現。隨着整體樓價相信已經見底，投資者開始恢復對寫字樓單位及豪宅之興趣。近期賣地之成交價，亦已正面反映發展商預期未來數年住宅樓價將會回順。

隨着自去年開始重新出租本集團之翻新物業、縮短免租期及租戶停止要求減租等因素，除非因為不可預料之情況（例如嚴重之世界性衰退及全球股市下跌），董事預期香港整體經濟及其地產市道將會保持正增長。本集團將會繼續着重增強其物業組合以及加強其管理及營運，以促使本集團把握未來潛在發展機會的優勢。

APPRECIATION

I take this opportunity to thank our shareholders, my fellow directors and our staff for their dedication and support.

Thomas Lau, Luen-hung
Chairman

Hong Kong, 6th April, 2001

致謝

本人謹藉此機會向各股東、董事會全人及員工所作之不懈努力及支持致謝。

主席
劉鑾鴻

香港，二零零一年四月六日