

CHAIRMAN'S STATEMENT

主席報告書

RESULTS

Turnover for the year ended 31st December, 2001 (the "Year") amounted to HK\$714.5 million, a 10.0% increase from the previous year. Gross rental income for the Year increased by 15.8% and reached HK\$638.8 million (2000: HK\$551.5 million), the increase was mainly due to acquisition of Excelsior Plaza during the Year and full year rental recorded for Causeway Place. Loss for the Year was HK\$535.8 million as compared to HK\$472.6 million for last year. The loss was mainly due to downward adjustment of development property value which included a provision of HK\$366.2 million (2000: HK\$49.6 million) for impairment loss recognised in respect of properties under development. A provision of HK\$223.7 million (2000: HK\$331.1 million) was made against associates, which included write-down of property for development projects held through associates. Share of loss of associates reached HK\$337.1 million (2000: HK\$142.5 million) mainly reflected loss sustained by Evergo China Holdings Limited ("Evergo China") (prior to privatisation), The Kwong Sang Hong International Limited ("Kwong Sang Hong"), Primasia Securities Co Ltd and loss on disposal of Villa Carlton property held through associate. Loss per share was 22.5 cents (2000: 22.0 cents).

DIVIDENDS

No interim dividend was declared for the year (2000: Nil). The Board does not recommend the payment of any final dividend for the year ended 31st December, 2001 (2000 : Nil).

BUSINESS REVIEW

Hong Kong Investment Properties

The Group's gross rental income recorded a satisfactory increase of 16% from HK\$552 million in year 2000 to HK\$639 million in year 2001, amidst the worsening business environment in Hong Kong which was exacerbated by the September 11th attack. Even though the overall rate of office rental experienced a slight downward adjustment due to a soft rental market, the Group has recorded an improvement in the overall occupancy to 95% for its major investment portfolio, which is mainly due to up-surges in new lettings of smaller retail shops and in lease renewals. The Group's flexible offer of incentives to new retailers and tenants, and its innovative leasing strategy also contributed to last year's improvement in this respect.

業績

截至二零零一年十二月三十一日止年度(「本年度」)之營業額為 **714,500,000** 港元，較上年度增加 **10.0%**。本年度之租金收入總額增加 **15.8%** 達至 **638,800,000** 港元 (二零零零年：**551,500,000** 港元)，此增幅主要是由於年內收購怡東商場及銅鑼灣地帶錄得之全年租金收入所致。本年度之虧損為 **535,800,000** 港元，而上年度則為 **472,600,000** 港元。虧損主要因發展物業之價值調減所致，當中包括就發展中物業確認之減值虧損 **366,200,000** 港元 (二零零零年：**49,600,000** 港元)。就聯營公司之撥備為 **223,700,000** 港元 (二零零零年：**331,100,000** 港元)，當中包括透過聯營公司持有之發展項目之物業減值。攤估聯營公司之虧損達 **337,100,000** 港元 (二零零零年：**142,500,000** 港元)，主要反映 Evergo China Holdings Limited (「愛美高中國」) (在私有化前)、The Kwong Sang Hong International Limited (「廣生行」) 及犇亞證券股份有限公司錄得之虧損以及出售透過聯營公司持有爾登華庭物業之虧損。每股虧損為 **22.5** 仙 (二零零零年：**22.0** 仙)。

股息

本公司並無宣派本年度之中期股息 (二零零零年：無)。董事會建議不派發截至二零零一年十二月三十一日止年度之末期股息 (二零零零年：無)。

業務回顧

香港投資物業

儘管香港經營環境因九一一事件而進一步轉壞，本集團之租金收入總額仍錄得滿意升幅達 **16%**，由二零零零年 **552,000,000** 港元增加至二零零一年 **639,000,000** 港元。雖然租務市場疲軟令整體寫字樓租金輕微下調，隨著新租出較細零售商舖急升及續租情況理想，本集團主要投資組合之整體出租率錄得改善，升至 **95%**。而本集團向新零售商戶及租戶提供之靈活獎勵方案及租務策略運用得宜亦促成去年租務得以改善。

Rental role from the Group's MassMutual Tower, Windsor House and Harcourt House continued to generate steady income for the Group of HK\$79 million, HK\$92 million and HK\$68 million in 2001 respectively. Major tenants of these core investment properties had renewed their leases in 2001. The occupancy rate of Windsor House office space recorded an improvement from 90.02% to 96.07%. However, there were slight decline in occupancy rate for the year 2001 from 98.73% to 98.38% for MassMutual Tower, and 93.73% to 91.61% for Harcourt House. The drop may be due to downsizing of office space by some tenants upon renewal, and surrendering of leases by several tenants upon expiry of leases. Office rental was still under a downward pressure in 2001 due to the shrinking demand and increasing vacancies. The same phenomenon has been experienced by landlords throughout the Central, Admiralty and Wanchai areas.

The Group's retail portfolio in Causeway Bay, Wanchai, Tsim Sha Tsui and Mong Kok continued to provide significant income to the Group. The shops in Excelsior Plaza were fully let and that generated a gross rental income of HK\$44 million in 2001. The occupancy rate of the retailing spaces of Windsor House was 96.18% with an annual income of HK\$162 million in 2001. After the first and second floors of Hong Kong Mansion renovated into a modern shopping arcade called "Causeway Place" with 179 retailing spaces, the said property achieved an occupancy rate of 83.22% contributing HK\$61 million in 2001. The Group now holds an investment portfolio of over 499,000 square feet of prominent retail space in Causeway Bay, comprising the Excelsior Plaza, the Windsor House and Causeway Place, plus a gross floor area of approximately 407,000 square feet of grade A office space in Windsor House. The Wanchai Computer Centre generated HK\$45 million in 2001 for the Group with an occupancy rate of 98%. By strengthening the trade mix of new tenants and relocating some of the existing tenants, the occupancy rate of Silvercord increased from 80.24% in June 2001 to 94.71% by end of 2001. The basement of Silvercord of 19,466 square feet was converted to a food court with a wide range of local and foreign foods. As for Chic Castle, the Landlord's aggressive leasing strategy proved successful as the occupancy rate jumped from 69.18% in June 2001 to 94.08% in December 2001. The newly acquired "Yuen Long New Place" at Golden Hall Building in Yuen Long also achieved an improved occupancy rate of 68% by the end of year 2001.

本集團之美國萬通大廈、皇室大廈及夏慤大廈於二零零一年分別繼續為本集團帶來穩定之租金收入 **79,000,000** 港元、**92,000,000** 港元及 **68,000,000** 港元。該等核心投資物業之主要租戶已於二零零一年續租。皇室大廈寫字樓樓面之出租率錄得改善，由 **90.02%** 升至 **96.07%**。然而，美國萬通大廈於二零零一年之出租率由 **98.73%** 輕微下降至 **98.38%**；而夏慤大廈於二零零一年之出租率由 **93.73%** 輕微下降至 **91.61%**，原因是部分租戶續租時縮減租用之寫字樓面積及若干租戶於租約期滿後交回單位。由於需求減少及空置率增加，二零零一年寫字樓租金仍受到下調之壓力。中環、金鐘及灣仔一帶之業主面對同樣情況。

本集團於銅鑼灣、灣仔、尖沙咀及旺角之零售物業組合繼續為本集團帶來可觀收入。怡東商場之店舖全數租出，於二零零一年帶來租金收入總額 **44,000,000** 港元。皇室大廈之零售樓面於二零零一年之出租率為 **96.18%**，帶來全年收入 **162,000,000** 港元。香港大廈一樓及二樓經過翻新後成為時尚商場「銅鑼灣地帶」，提供 **179** 個零售舖位；該物業於二零零一年之出租率為 **83.22%**，帶來 **61,000,000** 港元之收入。本集團現於銅鑼灣持有逾 **499,000** 平方呎優越零售旺舖面積之投資組合，由怡東商場、皇室大廈及銅鑼灣地帶組成，另有皇室大廈約 **407,000** 平方呎甲級寫字樓樓面面積。灣仔電腦城於二零零一年之出租率達 **98%**，為本集團帶來 **45,000,000** 港元收入。透過加強新租戶之業務組合及重新安排部分現有租戶之位置，新港中心之出租率由二零零一年六月之 **80.24%** 增加至二零零一年年底之 **94.71%**。新港中心之 **19,466** 平方呎地庫已改為美食廣場，提供各式本地及外國美食。至於 Chic 之堡，業主之積極租務策略奏效，出租率由二零零一年六月之 **69.18%** 升至二零零一年十二月之 **94.08%**。新收購位於元朗金豪大廈之「元朗新地帶」之出租率亦續有改善，於二零零一年年底升至 **68%**。

Sale activities for the Group's non-core investment properties were again low. During the year, the Group disposed of 155 carparks in Aberdeen Centre and 6 Perkins Road at Jardine's Lookout. The Group will continue to dispose of its non-core investment properties if the pricing is satisfactory in order to consolidate its assets or to re-invest in properties in prime locations with upward potentials.

Hong Kong Development Properties

The Group has investigated and negotiated with Urban Renewal Authority (the successor of Land Development Corporation) for the further enhancement of the **Tai Yuen Street joint-venture redevelopment project**. Appeal for adjustment in the land premium of the project has been made. Demolition works of Phase I was completed in May 2001 and foundation works of Phase I will commence soon. Pre-sale is anticipated in mid 2003 with completion of Phase I expected in early 2005.

Site formation and foundation works of the **Shiu Fai Terrace project** (50% interest) for development of 107,552 square feet of residential area were completed in December 2001, and superstructure construction will commence soon. Pre-sale is anticipated in late 2002 with completion of the project scheduled in mid 2003.

Site formation and foundation works of the **55 Conduit Road project** (70% interest) for development of 87,800 square feet residential area will commence soon. Pre-sale is expected in late 2003 with completion of the project scheduled in early 2004.

The development progress of the **31 Barker Road residential project** (100% interest) is on schedule. Its site formation and foundation works were completed in January 2002 and the project is expected to be completed in early 2003.

The demolition works of **Kau Pui Lung Road project** (100% interest) was completed in 2001 and the foundation works has commenced. Pre-sale is scheduled to start in late 2002 with completion of the project scheduled in late 2003. This project is scheduled for 45,500 square feet of residential/commercial area.

本集團非核心投資物業之銷售未見活躍。於本年度內，本集團共出售香港仔中心 155 個停車位及渣甸山白建時道 6 號。如價格理想，本集團會繼續出售其非核心投資物業以整合其資產，或再投資於地點理想且具升值潛力之物業。

香港發展物業

本集團已經與市區重建局（為土地發展公司之繼任人）就進一步發展**太原街合營重建項目**進行研究及磋商。有關該項目補地價調整之上訴已經提出。第一期之拆卸工程已於二零零一年五月完成，而第一期地基工程將於稍後展開。預期於二零零三年年中預售，而該項目第一期預期於二零零五年年初完成。

可供發展 107,552 平方呎住宅面積之**肇輝臺項目**（50% 權益）之地盤平整及地基工程已於二零零一年十二月完成，而上蓋工程將於稍後展開。預期於二零零二年年底預售，而該項目預計於二零零三年年中完成。

可供發展 87,800 平方呎住宅面積之**干德道 55 號項目**（70% 權益）之地盤平整及地基工程將於稍後展開。預期於二零零三年年底預售，而該項目預計於二零零四年年初完成。

白加道 31 號住宅項目（100% 權益）之發展如期進行。地盤平整及地基工程已於二零零二年一月完成，而該項目預期於二零零三年年初完成。

靠背壟道項目（100% 權益）之拆卸工程已於二零零一年完成及地基工程已經展開。預期於二零零二年年底預售，而項目預計於二零零三年年底完成。該項目預計提供 45,500 平方呎住宅/商業面積。

The demolition of joint venture redevelopment of the former Military Hospital in **King's Park**, Kowloon (10% interest) has been completed and site formation and foundation works are in progress. This project is planned for a total development of 904,000 square feet of residential area comprising 8 blocks of luxurious residential units. Pre-sale is expected in late 2002 with completion of the development expected in mid 2004.

PRC Properties

Evergo China, a previously listed company through which the Group's PRC property interest held, was privatised by the Group and has been wholly-owned by the Group since November 2001. Direct monthly rental income of around HK\$3 million mainly derived from the 79 retail shops of Lowu Commercial Plaza has been recorded since privatisation.

PRC Investment Properties

Modifications to the development plans to meet market demand in respect of **Hong Kong New World Tower** (34.65% interest) in Shanghai were made during the year in converting approximately 600,000 square feet of hotel space to office space. The whole development of commercial complex of 1,470,000 square feet is scheduled to be completed by late 2002.

Hilton Beijing (50% interest) in Beijing maintained an average occupancy rate of 75% and recorded a gross operating profit of HK\$44 million for the year of 2001. Application for change of use and increase in construction area for the adjoining multi-functional complex is in progress.

Oriental Place (50% interest) in Beijing, which is a 10-storey office building next to Hilton Beijing, was fully let as of March 2002.

Currently, the unsold units in **Winson Plaza** (50% interest) in Tianjin were 92% let while sales continue.

The 79 retail shops of approximately 29,000 square feet at first level on the **Lowu Commercial Plaza** in Shenzhen were fully let, as of March 2002.

九龍京士柏公園前陸軍醫院之合營重建項目(10%權益)的拆卸工程已經完成，而地盤平整及地基工程正在進行中。該項目計劃提供合共**904,000**平方呎之住宅面積，包括**8**幢豪華住宅單位。預期於二零零二年年末預售，而該發展項目預期於二零零四年年中完成。

中國物業

本集團是透過前上市公司愛美高中國持有中國物業權益，本集團已將愛美高中國私有化，並自二零零一年十一月起由本集團全資擁有。於私有化後錄得主要來自羅湖商業城**79**間零售商舖約**3,000,000**港元之每月直接租金收入。

中國投資物業

位於上海市之**香港新世界大廈**(34.65%權益)之發展計劃於本年度因應市場需求作出修訂，將大約**600,000**平方呎之酒店樓面更改為寫字樓樓面。整個發展為**1,470,000**平方呎之商業綜合大樓預計於二零零二年年末落成。

位於北京市之**北京希爾頓酒店**(50%權益)於二零零一年之平均出租率維持於**75%**，並錄得經營毛利**44,000,000**港元。該幢多用途大樓有關更改用途及增加建築面積之申請正在辦理中。

位於北京市毗鄰北京希爾頓樓高**10**層之**東方國際大廈**(50%權益)，截至二零零二年三月已全部租出。

位於天津市之**華盛廣場**(50%權益)現時未售出單位之出租率為**92%**，而銷售仍在進行中。

位於深圳市之**羅湖商業城**第一層約**29,000**平方呎之**79**間零售商舖截至二零零二年三月已全部租出。

PRC Development Properties

In the PRC, the Group has 5.5 million square feet of land with development potential. The sites are mainly in Panyu District of Guangzhou and Chenghai City of Shantou. Another property development area of 210,000 square feet at Lot E of Huangsha Station (33.33% interest) in Guangzhou was considered by the joint-venture company as not favourable for further development, and dissolution of the company is under way so as to realize the value of the site for its joint-venture partners.

CORPORATE INFORMATION

Privatisation of Evergo China

In view of the thin trading volume of the shares of Evergo China and the substantial discount of the trading prices to its net asset value, the Company, at that time having a 46.62% direct interest in Evergo China, proposed to Evergo China's shareholders (other than the Group) in August 2001 to privatise Evergo China by way of a scheme of arrangement in August 2001. The scheme was approved by the scheme shareholders and the Court of Bermuda, and became effective in November 2001. Since then, Evergo China has become a wholly-owned subsidiary of the Company. Under the scheme, the Company has allotted 1,062,670 new shares of the Company to the scheme shareholders of Evergo China who elected share alternative on the basis of 123 shares of the Company for every 1,000 shares of Evergo China, and has made cash payment of approximately HK\$206 million to the scheme shareholders of Evergo China who elected cash alternative on the basis of HK\$0.18 in cash for each share of Evergo China.

Convertible Bonds due 2003

In March 2001, the Company issued HK\$200 million 3% convertible bonds (the "Bonds") due 2003 as part of the consideration for acquiring 32,118 square feet of retailing space of Excelsior Plaza in Causeway Bay. Instead of issuing new shares at a substantial discount with dilution effects on the consolidated net asset value per share, the Company redeemed the Bonds in cash in September 2001.

中國發展物業

在中國，本集團共有5,500,000平方呎土地可供發展。該等地皮主要位於廣州市番禺區及汕頭澄海市。至於廣州市地下鐵道黃沙站E地段發展面積為210,000平方呎之項目（33.33%權益），基於合營公司認為不適宜進一步發展，該公司正在解散中，為合營夥伴變現該地皮之價值。

公司資料

愛美高中國私有化

鑑於愛美高中國股份成交量偏低，其股價相對於其資產淨值大幅折讓，本公司於二零零一年八月（當時持有愛美高中國46.62%直接權益）向愛美高中國之股東（本集團除外）提出建議透過協議計劃將愛美高中國私有化。該計劃已獲計劃股東及百慕達法院批准，並於二零零一年十一月生效。自此，愛美高中國成為本公司之全資附屬公司。根據計劃，本公司向選取股份方案之愛美高中國計劃股東，以每1,000股愛美高中國股份獲配123股本公司股份為基準，共配發1,062,670股本公司新股份，另向選取現金方案之愛美高中國計劃股東，以每股愛美高中國股份獲付現金0.18港元為基準，支付現金約206,000,000港元。

於二零零三年到期之可換股債券

於二零零一年三月，本公司發行金額為200,000,000港元於二零零三年到期息率3厘之可換股債券（「債券」），作為收購銅鑼灣怡東商場32,118平方呎零售樓面之部分代價。本公司於二零零一年九月以現金贖回債券，以避免因發行大幅折讓價格之新股份而攤薄每股綜合資產淨值。

PROSPECTS

Last year, the emerging signs of economic recovery in the first half of the year were quickly shattered and driven down by the global economic downturn by the September 11th attack in the United States. After eleven interest rate cuts and aggressive measures to stimulate economic recovery led by the United States, recent releases of economic figures showed a gradual recovery of economy in the United States and major European countries. Even though Hong Kong's domestic demand remains weak, Hong Kong has become more cost competitive than before in term of wages and rents after the deflationary adjustment in the past few years. Barring adverse global circumstance, such as the worrisome global political and economic developments, Hong Kong's economic improvement should appear again later this year or early next year, following the anticipated recovery of the United States economy and the low interest environment.

In the PRC, the positive news relating to Mainland China's entry to World Trade Organisation and the hosting of the 2008 Olympic Games has stimulated increases of business opportunities and surges in economic activities. The demands for office space and housing have been significantly improving. In the coming years, the Group would consider to increase its involvement in the PRC property development activities either of its own or with joint venture partner in the prevailing major cities of Mainland China, especially in Beijing, Shanghai and Guangzhou.

In Hong Kong, the once high property prices are now reduced to an affordable level. Rental yield are now more attractive to investors. The Group has confidence that its persistent strive for enhancing its quality and intrinsic value can enable it to face the challenging global economic environment and to better position itself for the next cyclical upswing. Thus we continue our effort to emphasize on the improvement on value of its property portfolio for a better return to shareholders.

展望

去年，在上半年浮現之經濟復甦跡象因美國遭受九一一襲擊帶動全球經濟逆轉後消失回落。在美國十一度減息及採取積極措施以刺激經濟復甦後，最近公布之經濟數字顯示美國及主要歐洲國家之經濟正逐步復甦。雖然香港目前之內部需求仍然疲弱，但經過過去數年之通縮調整，香港之營商成本在工資及租金方面已較之前更具競爭力。倘無不利之全球因素（例如令人憂慮之全球政局及經濟發展）影響，在美國經濟復甦在即及低利率之環境下，香港經濟可望於本年稍後或來年年初再度重現。

在中國方面，有關中國大陸加入世界貿易組織及成功申辦二零零八年奧運之利好消息刺激下商機大增，並促進了經濟活動。寫字樓及住屋之需求正顯著增加。在未來數年，本集團將考慮自資或透過與合營夥伴增加參與在中國大陸現時主要城市（特別是北京、上海及廣州）之中國物業發展活動。

在香港方面，曾經高企之樓價現已下降至可以負擔之水平，租金回報對投資者已更具吸引。本集團深信其不斷提升質素及內在價值之一貫方針，會令集團得以面對全球經濟環境帶來之挑戰，並且為下一個經濟上揚之週期作好準備。因此，集團會繼續著重提高其物業組合之價值，務求為股東帶來更佳回報。

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, 11th April, 2002

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，二零零二年四月十一日