



GENERAL OVERVIEW

The Group recorded an audited consolidated net loss of approximately HK\$539.34 million for the year ended 31st December, 2001 (2000: profit of approximately HK\$11.44 million) with a basic loss per share of 40.24 HK cents (2000: earnings per share of 0.89 HK cent). The slump in results was mainly attributable to the changes in its interest in investment in Tomson Group Limited (formerly Pudong Development Holdings Limited) ("TGL"), a listed company in Hong Kong. During the year, a loss on dilution of interest in TGL of approximately HK\$17.47 million resulting from exercises of share options by directors of TGL and a loss on the disposal of interest in TGL of approximately HK\$186.63 million were recorded. In addition, owing to the decline in interest in TGL to 15.01% following the aforesaid disposal, the investment in TGL has been reclassified as investment in securities carried at fair value in accordance with the Group's accounting policy and hence an unrealised holding loss of approximately HK\$316 million was charged to the income statement for the year.

On the other hand, the operating activities of the Group has yet to make any positive contribution to the results and interest expenses was still a major outlay. The Company has also recorded an impairment loss on the Group's properties in Macau of an aggregate amount of approximately HK\$14.07 million on review of their carrying value with reference to the market sentiment of the property market therein and the age of those properties.

OPERATIONS REVIEW

During the year, the Group was mainly engaged in investment holding, and property development and investment.

Investment holding in TGL has been the most principal business of the Group for years and the Group's results therefore depend in a considerable weighting on the performance of TGL of which it is a substantial shareholder. Though the Board was confident of the prospect of TGL, it considered that it was an appropriate time to refocus the Group's investment strategy and diversify its asset and income base by having a direct exposure in the property development market in mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS



概覽

本集團截至二零零一年十二月三十一日止年度錄得經審核綜合虧損淨額約539,340,000港元(二零零零年：溢利約11,440,000港元)，每股基本虧損為40.24港仙(二零零零年：每股盈利為0.89港仙)。業績不理想，主要由於本集團在一間於香港上市之公司－湯臣集團有限公司(前稱「浦東開發集團有限公司」)(「湯臣」)之投資權益有所變更所致。於本年度內，本集團錄得由於湯臣董事行使購股權而引致之湯臣權益被攤薄後虧損約17,470,000港元及出售湯臣權益帶來之虧損約186,630,000港元。此外，由於上述出售後在湯臣之權益下降至15.01%，於湯臣之投資已重新分類為證券投資，根據本集團之會計政策按公平值入賬，因而於本年度內從利潤表中扣除持有證券未變現虧損約316,000,000港元。

此外，本集團之營運業務仍未對業績帶來任何正面貢獻，而利息開支仍為最主要之支出。本公司於參考澳門物業市場之行情及本集團澳門物業之樓齡後，檢討該等物業之賬面值並錄得約14,070,000港元之減值虧損。

業務回顧

本集團於年內主要從事投資控股、物業發展及投資。

本集團多年來最主要之業務為在湯臣之投資，因此，本集團之業績在很大程度上依賴湯臣(本集團為其主要股東)之表現。儘管董事局對湯臣的前景充滿信心，惟認為現時乃適當時機，重新調整本集團之投資策略，並透過直接投資於中國內地物業發展市場，以分散其資產和收入基礎。



Property Development and Investment

To cope with the Group's investment strategy, the Group acquired a plot of land with an area of approximately 62,000 square metres (the "First Lot") in Zhangjiang Hi-Tech Park, Pudong, Shanghai in June 2001 at a consideration of US\$9.3 million for residential development. The Group subsequently formed a foreign equity joint venture in Shanghai named "上海大道置業有限公司" (the "Joint Venture") with a subsidiary of Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd., a company listed on the Shanghai Stock Exchange, to develop two adjacent sites (including the First Lot) with a total area of approximately 102,000 square metres in Zhangjiang Hi-Tech Park. To enhance its interest in the Joint Venture, the Group entered into a conditional agreement in February 2002 to acquire a further 32.75% interest in the Joint Venture from its partner at a consideration of US\$5.01 million. Subsequent to the approval of the Company's independent shareholders on the acquisition on 10th April, 2002, it is expected that the transaction will be completed by the end of April 2002 and then the Group will hold a 93.53% interest in the registered capital of the Joint Venture. It is intended to develop the sites held by the Joint Venture into low density residential development with a gross floor area of approximately 107,000 square metres and the development is expected to be completed by mid 2003. The Joint Venture will finance the development cost by banking facilities.

On the other hand, the Group holds a number of units of shops and car parks in Macau for sale and has a 60% interest in a plot of land in Taipa, Macau of which development plan has yet to be concluded.

Investment Holding

In July 2001, the Group disposed of 97,664,265 shares in the capital of TGL to Mr Tong Cun Lin, an Executive Director and a substantial shareholder of the Company, at a consideration of HK\$0.95 per share to set off the amount due to Mr Tong. Upon the completion of the said disposal and as at the year end, the Group held 162,804,722 shares in TGL, representing 15.01% of the total issued share capital of TGL. TGL reported an audited consolidated net profit of approximately HK\$106.37 million for the year (2000: approximately HK\$97.42 million) and a basic earnings per share of 9.89 HK cents (2000: 9.19 HK cents). Sale proceeds of properties in Shanghai remained its major source of income.

MANAGEMENT DISCUSSION AND ANALYSIS



物業發展及投資

為貫徹本集團之投資策略，本集團於二零零一年六月以9,300,000美元作價購入一幅位於上海浦東張江高科技園區面積約62,000平方米之土地（「第一地段」），以發展住宅物業。其後，本集團與一家在上海證券交易所上市之公司上海張江高科技園區開發股份有限公司之全資附屬公司在上海成立一家外資合資公司名為「上海大道置業有限公司」（「合資公司」），發展張江高科技園區內總面積約102,000平方米之兩幅毗連土地（包括第一地段）。本集團為增加於合資公司擁有之權益，於二零零二年二月訂立一項有條件協議，向其合夥人額外收購合資公司之32.75%權益，作價5,010,000美元。本公司獨立股東於二零零二年四月十日批准該項收購事項後，預期交易將於二零零二年四月底完成，而本集團將持有合資公司之註冊資本之93.53%權益。本集團擬將合資公司持有之土地發展為低密度住宅項目，總樓面面積約107,000平方米，預期將於二零零三年年中或之前完成。合資公司將透過銀行貸款以融資發展成本。

另一方面，本集團在澳門持有多個鋪位及停車位作出售用途，並持有位於澳門氹仔一幅土地之60%權益，該土地之發展計劃尚未落實。

投資控股

在二零零一年七月，本集團將97,664,265股湯臣股份出售予本公司執行董事兼主要股東湯君年先生，代價為每股0.95港元，以抵銷欠湯先生之款項。在完成上述出售事項後及截至本年底，本集團持有162,804,722股湯臣股份，佔湯臣已發行股本總額之15.01%。湯臣年內錄得經審核綜合溢利淨額約為106,370,000港元（二零零零年：約97,420,000港元），每股基本盈利為9.89港仙（二零零零年：9.19港仙）。銷售上海物業所得收益仍為其主要收入來源。



To divest its passive investment in TGL and acquire additional capital to enable the Group to participate in further property development projects in mainland China should suitable opportunities arise in the future, the Company has proposed to issue up to 134,045,542 warrants by way of an open offer to its shareholders on the basis of one warrant for every ten shares held on 10th April, 2002 at an issue price of HK\$0.15 per warrant. Each warrant will give its holder the right to purchase in cash one TGL share held by the Group at an exercise price of HK\$0.75 exercisable at any time during the period of one year commencing from the date of issuance of the warrants. The said open offer was approved by the shareholders of the Company on 10th April, 2002 and the offer period started from 13th April, 2002 and will end on 26th April, 2002. The warrants would be issued to the successful applicants on 6th May, 2002. The net proceeds from the issuance of the warrants would be used as general working capital of the Group. Should all the 134,045,542 warrants be issued and exercised, the Group's interest in the issued share capital of TGL will be further reduced to 2.5%.

INTRODUCTION OF NEW INVESTOR

In February 2002, the Company entered into a subscription agreement with an independent third party, Best Central Developments Limited which has agreed to subscribe for 268,091,085 shares in the capital of the Company at an issue price of HK\$0.20 per share. It is scheduled that the said shares will be allotted and issued under the agreement within April 2002 and the subscription monies will be used to settle the cost of acquisition of interest in the Joint Venture and part of the outstanding land premium of the First Lot. Upon the allotment, Best Central Developments Limited will hold approximately 16.67% of the enlarged issued share capital of the Company.

FINANCIAL REVIEW

Liquidity and Financing

The Group's capital expenditure and investments for the year ended 31st December, 2001 were mainly funded from cash on hand and borrowings.

At the balance sheet date, the cash and cash equivalents of the Group amounted to approximately HK\$2.52 million. During the year under review, the Group's operations absorbed a cashflow of approximately HK\$1.50 million. In the same year, cash of approximately HK\$7.80 million was spent in servicing of finance net of returns on investments of the Group. After accounting for the cash outflow of approximately HK\$5.56 million in investing and financing activities of the Group, the net cash outflow of the Group for the year amounted to approximately HK\$14.86 million (2000: net cash inflow of approximately HK\$1.60 million).

MANAGEMENT DISCUSSION AND ANALYSIS

為分散在湯臣之被動投資，並取得額外資金，使本集團在日後遇上適當機會時可進一步參與中國內地的物業發展項目，本公司建議以公開發售形式發行最多134,045,542份認股權證予其股東，基準為於二零零二年四月十日每持有十股股份可獲配發一份認股權證，每份認股權證之發行價為0.15港元。每份認股權證賦予持有人權利，可於認股權證發行之日起計一年內任何時間按行使價0.75港元以現金認購本集團持有之湯臣股份一股。上述公開發售建議已於二零零二年四月十日獲本公司股東批准，公開發售期間由二零零二年四月十三日開始，並將於二零零二年四月二十六日終止。認股權證將於二零零二年五月六日發行予成功申請人士。發行認股權證所得款項淨額將用作本集團之一般營運資金。倘全部134,045,542份認股權證獲發行及行使，本集團在湯臣之已發行股本權益將進一步削減至2.5%。

引入新投資者

於二零零二年二月，本公司與一獨立第三者Best Central Developments Limited訂立一項《認購協議》，該公司同意按每股發行價0.20港元認購本公司股本中268,091,085股股份。根據協議，上述股份將於二零零二年四月內配發和發行，而認購所得款項將用作清付收購合資公司權益之代價，以及第一地段部份未付地價。配發股份後，Best Central Developments Limited將持有本公司擴大後已發行股本約16.67%。

財務回顧

流動資金及融資

本集團於二零零一年十二月三十一日止年度之資本開支及投資所需資金主要來自手頭現金及借貸。

於結算日，本集團之現金及等同現金項目約達2,520,000港元。於回顧年度內，本集團之營運業務耗用流動現金約1,500,000港元。同年，本集團動用現金約7,800,000港元作為融資費用（已扣除投資回報）。經計及本集團之投資及融資活動支出現金約5,560,000港元，本集團於本年度之現金流出淨額約為14,860,000港元（二零零零年：現金流入淨額約為1,600,000港元）。



The total liabilities of the Group were reduced from the beginning of 2001 of approximately HK\$101.42 million to approximately HK\$25.18 million at the end of the year. At the balance sheet date, all the liabilities of the Group were due for repayment within one year and the gearing ratio (total liabilities to shareholders' funds) of the Group was 14.77% (2000: 13.76%).

The Group's borrowings at the balance sheet date amounted to HK\$8 million, equivalent to 4.69% of the Group's shareholders' funds at the same date. The said borrowing was provided by a financial institution and was secured by certain shares in TGL held by the Group. It was due for repayment within one year from the balance sheet date. Through the advance of HK\$6 million from a Director of the Company and from internal resources of the Company, the said bank borrowing was subsequently repaid in full in February 2002. It is the current plan of the Group to repay the borrowing from the Director out of future operating revenue and sale of miscellaneous surplus assets/investments of the Group. The Director of the Company who granted loan facility to the Group has confirmed to continue his support to the Group and possible plans are being implemented to reduce the borrowings, hence the Board is confident with the solvency of the Group.

In addition, the Group had capital commitments in respect of land acquisition amounting to approximately HK\$177.66 million at the balance sheet date of which approximately HK\$126.90 million was authorised but not contracted for (2000: capital commitments of approximately HK\$126.90 million authorised but not contracted for).

Charge on Assets

As at 31st December, 2001, the Group pledged certain shares in TGL with an aggregate carrying value of approximately HK\$108.56 million (2000: approximately HK\$452.31 million) to secure a general banking facility of the Group. The charge was released subsequent to the full repayment of the facility in February 2002.

Foreign Exchange Exposure

As all of the assets and liabilities of the Group are denominated in Hong Kong Dollars, Macau Pataca or United States Dollars, the Group does not expect any significant exchange risk exposure.

Contingent Liabilities

The Group had no contingent liabilities during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS



本集團之總負債由二零零一年開始時約101,420,000港元減少至年終時約25,180,000港元。於結算日，本集團全部債項均須於一年內到期償還，而本集團之資本與負債比率（即負債總額對股東資金比率）為14.77%（二零零零年：13.76%）。

本集團於結算日之借貸為8,000,000港元，相等於本集團同日之股東資金4.69%。上述借貸乃由一間財務機構提供，並以本集團於湯臣所持有之若干股份作為抵押。該項借貸須於結算日起計一年內到期償還。透過本公司一位董事貸款6,000,000港元及動用本公司之內部資源，該項借貸其後於二零零二年二月全數清還。本集團現計劃以日後之經營收益及出售本集團之其他過剩資產／投資償還該董事之借貸。該名向本集團提供借貸之本公司董事已確認，彼會繼續支持本集團，而本集團正推行若干可行計劃以減少借貸，因此董事局對本集團之償債能力充滿信心。

此外，於結算日，本集團有關土地收購事宜之資本承擔約為177,660,000港元，當中包括約126,900,000港元之已獲授權但尚未訂約之資本承擔（二零零零年：已授權但未訂約之資本承擔約為126,900,000港元）。

資產抵押

於二零零一年十二月三十一日，本集團將若干賬面總值約108,560,000港元（二零零零年：約452,310,000港元）之湯臣股份抵押，作為本集團一項銀行信貸之擔保。該項抵押已於二零零二年二月全數清償該信貸後獲解除。

滙兌風險

由於本集團所有資產及負債均以港元、澳門元或美元計算，故此預期本集團不會面對任何重大滙兌風險。

或然負債

本集團於回顧年度內並無或然負債。



PROSPECTS

The Board recognizes that the results of the Group for 2002 might be depressed as the property development projects on hand will not yet be completed and generate any return while the interest in TGL might be further reduced during 2002. Nevertheless, it has confidence in the future prospects of the property market in mainland China, especially Shanghai, and believes that the refocused investment strategy will yield satisfactory results for the Group in the coming future.

On the other hand, the Group is considering restructuring its investment portfolio in Macau and will study with caution in evaluating any feasible restructuring proposals and also any development opportunities for the vacant site at Taipa.

DIRECTORS AND STAFF

During the year, the Board of Directors was pleased to appoint Mr Tong Albert and Mr Sung Tze Chun as Executive Directors of the Company after the resignation of Mr Wu Choi Sun, William in early 2001.

As a result of the arrangement for the Group to share administrative resources with a related company, only three staff were engaged as salaried employees in the Group during the year and the aggregate remuneration paid to them for the year amounted to approximately HK\$329,000. Remuneration is determined by reference to market terms and individual performance and qualifications. In addition, the Company has established an employee share option scheme pursuant to which and in compliance with the requirements of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, options are allowed to grant to executive directors and employees of the Company and its subsidiaries to subscribe for shares in the Company.

The Board would like to take this opportunity to thank for all the staff members of the Group for their hardwork and loyalty over the years.

On behalf of the Board

Sung Tze Chun

Executive Director

Hong Kong, 16th April, 2002

MANAGEMENT DISCUSSION AND ANALYSIS



前景

董事局認為本集團於二零零二年年度之業績表現可能受壓，原因為現有物業發展項目尚未竣工及仍未帶來任何回報，而且於二零零二年期間亦可能進一步減持湯臣之權益。然而，董事局對中國內地(特別是上海)物業市場之未來前景充滿信心，並相信重新部署投資策略後，可在不久將來為本集團帶來令人滿意之業績。

另一方面，本集團現正考慮重組其澳門之投資組合，並將謹慎研究和評估任何可行重組建議和於氹仔空置地盤之任何發展機會。

董事及僱員

繼吳在樂先生在二零零一年初請辭後，董事局在本年度內欣然委任湯子同先生及宋四君先生為本公司之執行董事。

由於本集團與一間關連公司共用行政資源之安排，故此本集團於本年度內只聘用三名受薪僱員，而彼等於年內之酬金合共約為329,000港元。有關薪酬乃根據市場條款及個別僱員之表現與履歷而釐定。此外，本集團亦設立僱員優先購股權計劃；根據該計劃及在遵守香港聯合交易所有限公司《證券上市規則》之規定下，本公司及其附屬公司之執行董事及僱員可獲授予購股權以認購本公司之股份。

董事局同寅謹向本集團各員工多年內之辛勤努力及忠誠服務衷心致謝。

代表
董事局
執行董事
宋四君

香港，二零零二年四月十六日