

主席報告

Chairman's Statement

本集團截至二零零二年六月三十日止六個月之綜合營業額及股東應佔溢利分別約為港幣3.92億元及港幣7,900萬元，比上年度同期分別減少約66%及增加約5%。

本年度上半年，本集團主要出售去年及／或以前落成項目尚餘的單位，包括華亭嘉園一期、華清嘉園、京通新城、鳳凰城和徙置房屋，總已售建築面積為23,515平方米。此外，本集團於本年度五月推出新項目——翡翠城一期。本集團本年度的主要新樓盤如峻峰華亭（華亭嘉園二期）、優仕閣及翡翠城二期將在下半年推出，故此，令本年度首六個月的營業額及經營溢利較去年同期減少。

拓展全國業務

於本中期報告刊發當日，本集團已收購兩幅分別位於上海和成都的土地，標誌着本集團已成為全國發展商。該兩幅分別位於上海和成都的土地建築面積約為160,000平方米及600,000平方米。董事會預期，該兩個項目將於二零零三年開始預售，而上海和成都這兩個城市將會繼北京之後成為本集團的主要地區市場。

物業投資

本集團100%擁有的西單文化廣場的可出租建築面積約為36,000平方米，同時，本集團亦擁有位於西單北路之兩項投資物業，即華威大廈和華南大廈，分別擁有50%和15%之權益。

The Group's consolidated turnover and profit attributable to shareholders for the six months ended 30th June, 2002 amounted to approximately HK\$392 million and HK\$79 million respectively, representing a decrease and increase of approximately 66% and 5%, respectively compared to the same period last year.

In the first half of this year, the Group mainly sold remaining units left behind from projects completed last year and/or before including Majestic Garden Phase 1, Leisure Garden, Jing Tong New Town, Phoenix City and resettlement housing. The total GFA sold was 23,515 square meters. In addition, one new project was launched in May this year, namely, Phase 1 of La Firenze (formerly known as Jade City). Moreover, the Group is going to launch new projects including Top Box (Majestic Garden Phase 2), Youth Court and La Firenze Phase 2 in the second half of this year. As a result, in the first half of this year, the turnover and operating profit for the first six months of this year decreased year-on-year when compared to the same period last year.

Nationwide expansion

In order to accomplish the goal of becoming a nationwide developer, the Group has, as at the interim report date, acquired two pieces of land in Shanghai and Chengdu, respectively. The GFA of these two pieces of land in Shanghai and Chengdu are approximately 160,000 and 600,000 square meters, respectively. The Board of Director expects pre-sale for these two projects to begin in 2003 and these two cities to become important new regional markets of the Group, in addition to its base in Beijing.

Property Investment

The Group owns 100% stake in Xidan Cultural Center, and the rentable GFA is around 36,000 square meters. Besides, the Group currently also has interest in two investment properties in Xidan North Avenue, namely Huawei Center and Huanan Building. The Group has 50%, 15% stake in Huawei Center and Huanan Building, respectively.

主席報告

Chairman's Statement

僱員及酬金政策

於二零零二年六月三十日，本集團在中國和香港僱用約280位全職僱員。本集團根據僱員之表現、經驗和當時之市場價格，向僱員發放酬金，並酌情授予表現花紅。其他僱員福利包括保險及醫療計劃、資助教育及培訓計劃，以及購股權計劃。

負債及資本負債比率

於二零零二年六月三十日，本集團之借貸總額約達港幣17.8億元，其中28%為美元，其餘則為人民幣。本集團在本年四月已贖回逾99%的美元可轉換股債券，剩餘約值53萬美元的可轉換股債券將在二零零四年四月到期。

本年度上半年，本集團重組其中國借貸，務求達成兩個目標——一方面降低利息成本，另一方面延長借貸期限。於本中期報告刊發當日，本集團已大致上達致上述目標。迄今為止，來自人民幣之借貸當中，有約60%為短期借貸，40%則為長期借貸。本集團來自人民幣借貸的資金成本將會由二零零一年年底時的6.0%減少至約5.3%。本集團將進一步調整人民幣貸款和外匯貸款的比例，預期負債的整體平均成本於本年度年底時甚至將會低於此一水平。

本集團美元和人民幣借貸的利息分別按倫敦銀行同業拆息和中國人民銀行公佈的利率同時以浮息計算。

Employee and remuneration policies

As at 30th June, 2002, the Group employed approximately 280 full time staff in China and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market price while performance bonuses are granted on a discretionary basis. Other employee benefits include insurance and medical cover, subsidised educational and training programmes as well as a share option scheme.

Debt and gearing

As at 30th June, 2002, the total borrowings of the Group amounted to HK\$1.78 billion, of which 28% was denominated in US dollars and rest was in Renminbi. The Group had redeemed over 99% of the US dollar convertible bonds in April this year and there is approximately USD530,000 convertible bond outstanding which will be matured in April 2004.

Throughout the first half of this year, the Group has been restructuring its PRC borrowings with the dual objectives of lowering the interest cost and lengthening the borrowing period. As at the interim report date, the Group has to a large extent completed the aforesaid objectives. As of now, approximately 60% of the Renminbi borrowings were short term loans and 40% were long term ones. The Board of Directors believes that the cost of funding for the Group's Rmb borrowings will be lowered to approximately 5.3% from 6.0% as at year-end 2001. The overall average cost of debt of the Group will be even lower than this level by the end of this year as the Group will further readjust the proportion of Renminbi to foreign currency borrowing.

The interest rates for both of the Group's US dollar and Renminbi borrowings are floating in nature with the former based on LIBOR and the latter based on interest rate announced by the People's Bank of China.

主席報告

Chairman's Statement

於二零零二年六月三十日，資產負債比率（即界定為負債淨額與股東權益所成之比率）約為23%。然而，由於本集團分別於五月和八月落實上海及成都的擴展計劃，董事會相信，本集團的借貸總額於本年度下半年將會有所上升，故資產負債比率屆時將會上升。

於二零零二年六月三十日，本集團之現金及現金等值總額約達港幣8.65億元，其中32%為港幣、餘下之68%為人民幣。由於人民幣比其他貨幣較為穩定，故本集團現時並不預期會面對重大之匯率風險。因此，本集團並無進行任何匯率對沖。

土地儲備

計入本集團於上海和成都新收購的兩幅土地，本集團目前於北京、上海和成都擁有的土地儲備約為5,200,000平方米。為充份把握中國物業市場的增長機遇，董事會認為本集團仍需積極增加土地儲備，以應付本集團未來五至六年的業務發展。

前景

本集團計劃於本年度九月及十月推出峻峰華亭（華亭嘉園二期）、優仕閣及翡翠城二期。董事會相信，本集團自本年度下半年起的物業銷售額可望大幅改善。

本集團對國內物業市場尤其是北京、上海和成都等地的前景樂觀。隨著人民收入不斷提高，加上按揭借款條件更加吸引，有

Gearing, as defined by the ratio of net debt to shareholders' equity and was approximately 23% as at 30th June, 2002. However, with the Group's expansion plans in Shanghai and Chengdu materialized in May and August, respectively, the Board of Directors believes that the Group's total borrowing will increase in the second half of this year and the gearing will increase accordingly.

As at 30th June, 2002, total cash and cash equivalent of the Group amounted to approximately HK\$865 million, of which 32% was in HK dollar and the remaining 68% was in Renminbi. The Group does not foresee any substantial exposure to fluctuation in exchange rate as the exchange rate of Renminbi is relatively stable in relation to other currencies. As a result, the Group does not commit itself in any exchange rate hedges.

Land bank

Together with the new land acquisition in Shanghai and Chengdu, the Group currently owns approximately 5.2 million square meters of land bank in Beijing, Shanghai and Chengdu. In order to allow the Group to capitalize on the growth opportunities of the PRC property market the Board of Directors believes the Group still needs to proactively acquire new land bank to make sure the size of it be adequate for the development in the next 5—6 years.

Prospects

The Group plans to launch Top Box (Majestic Garden Phase 2), Youth Court and La Firenze Phase 2 in September and October this year. The Board of Directors believes that the property sales of the Group is likely to improve substantially from second half of this year onwards.

The Group is optimistic about the prospects of the property market in China, especially that in Beijing, Shanghai and Chengdu. The desire to upgrade living conditions and the increase in affordability of home

主席報告

Chairman's Statement

助刺激人民提高生活水平意慾，加上置業買家的購買力提升，將會繼續推動物業需求增加。此外，中國加入世貿及主辦二零零八年奧運，對中國經濟無疑注入了新的動力，有助住宅、辦公樓及零售物業的需求增加。

本集團已在上海和成都設立地區公司負責兩地的項目，務求令本集團穩據有利位置抓緊國內物業市場與日俱增的房屋需求。與此同時，本集團亦將會不斷擴充管理隊伍，羅致在提供優質發展單位及物業管理服務方面饒富經驗的人才。

此外，本集團相信，透過採納目前正在實施的有效成本控制措施，項目的溢利率將可進一步得到改善。本集團將會增撥資源加強員工發展和培訓兩方面，以期建立一支精銳隊伍，應付市場急速的轉變，令本集團可從中獲益。

憑藉穩健之財政狀況、良好之聲譽，以及成功推行拓展全國業務策略，董事會有信心本集團可在中國房地產市場保持領先地位，為股東帶來更佳回報。

董事總經理
王印

香港，二零零二年九月六日

buyers, which in turn are supported by rising income and more favourable mortgage facilities, should continue to fuel demand growth. In addition, China's WTO accession and the hosting of the 2008 Olympic Games should have a profound push to the economy which should in turn translate into higher demand for residential, office and retail properties.

To better position ourselves to capture the rising property demand in China, Group has already established regional companies to look after its projects in Shanghai and Chengdu. Moreover, the Group will continue to expand its management team to include experienced personnel who are experts in delivering quality development projects and property management services.

Also, by applying effective cost control measures, the Group believes that profit margins of the Group's projects will further improve. Last but not least, the Group is putting more resources in staff development and training so as to build up a strong work force which can cope with and take advantage of the rapid market change.

With its strong financial position, good reputation and the successful implementation of the nationwide strategy, the Board of Directors is confident that the Group can prevail in China property market and generate better return to the shareholders.

Wang Yin
Managing Director

Hong Kong, 6th September, 2002