

CHAIRMAN'S STATEMENT

主席報告書



Mr Jiang Zhiqian, *Chairman*
主席，蔣志權先生

FINANCIAL REVIEW AND ANALYSIS

Results

The Group's turnover amounted to \$1.3 billion, representing a decrease of 28% over last year as a result of completion of a number of construction projects during the year. The Group reported a gross loss for the year of \$132.0 million compared to \$116.5 million for the previous year. It is due mainly to losses arising from an ongoing construction project and completed projects of \$79.1 million and \$72.6 million respectively. Loss from operations for the year was \$302.3 million compared to \$293.9 million for the previous year. Administrative expenses for the year were \$88.5 million, a decrease of 22% from the previous year, it was attributed to the results of maintaining stringent cost control and streamlining the operations. Finance costs for the year were \$125.0 million, a reduction of 43% from the previous year, as the Group was able to take advantage of Hong Kong's prevailing low interest rates.

There was a deficit on revaluation of investment properties of \$17.7 million compared to \$76.4 million for the previous year. The share of losses, impairment losses and property revaluation

財務檢討及分析

業績

本集團之營業額為13億元，較上年減少28%，其原因為若干建築項目於年內已完成。本集團年內錄得毛損132,000,000元，去年則為116,500,000元。主要原因為在進行中建築項目及已完成建築項目分別產生79,100,000元及72,600,000元虧損。年內經營虧損為302,300,000元，去年則為293,900,000元。由於恪守嚴緊成本控制及精簡業務，年內行政費用較去年減少22%至88,500,000元。鑑於本集團受惠於香港現行低息率，年內融資成本較去年減少43%至125,000,000元。

投資物業重估虧絀為17,700,000元，去年則為76,400,000元。聯營公司應佔虧損、減值虧損及物業重估虧絀為24,700,000元，去年則為



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deficits of associates were \$24.7 million compared to \$324.9 million for the previous year. The decreases are mainly due to the steady demand in the property rental market and the comparatively stable property prices in the Mainland.

As a result, the Group reported a consolidated loss attributable to shareholders of \$496.2 million for the year ended 31st December, 2002. This compares with a loss of \$836.1 million for the previous year. Loss per share decreased to \$0.82 from \$1.51 in 2001. The directors do not recommend any payment of dividend.

Debt Restructuring

At the end of 2000, the Group faced liquidity problems and failed to repay its loans when they were due. This included an aggregate indebtedness of \$1.9 billion to its bank creditors (the "Banks") in Hong Kong and the FRNs of US\$37 million due for repayment on 13th December, 2000. The Group immediately appointed KPMG Financial Advisory Services as financial adviser for its debt restructuring scheme.

The Company and its wholly-owned subsidiaries entered into a restructuring agreement on 27th August, 2002 (the "Restructuring Agreement") with the Banks. The Restructuring Agreement sets out those terms and principles and provided that formal documentation ("Formal Documentation") to implement the same will be entered into between the Company and the Banks in due course. The Restructuring Agreement was subject to a long stop date (the "Long Stop Date") for entry into the Formal Documentation at 31st December, 2002 or such date as may be agreed by a simple majority of the Bank's steering committee. Similar terms, as those agreed with the Banks, have been offered to the holders of the FRNs due 2000 issued by a subsidiary of the Company and guaranteed by the Company. On 31st December, 2002 the Company announced that the Long Stop Date had been extended until 31st March, 2003 to enable time for the completion of the Formal Documentation.

324,900,000元，減少之主要原因為租賃物業市場需求平穩，而內地物業價格亦相對穩定。

因此，本集團截至二零零二年十二月三十一日止年度的股東應佔虧損為4.962億元，而去年的虧損則為8.361億元。每股虧損由去年之1.51元減少至0.82元。董事會不建議派發股息。

債務重組

集團於二零零零年底出現資金問題，無法償還到期的貸款，包括當時尚欠香港債權銀行的債務總額約為19億元，及原須於二零零零年十二月十三日到期償還為數37,000,000美元的浮息票據。集團即時委任畢馬威財務諮詢服務作為財務顧問著手展開債務重組的方案。

本公司及其全資附屬公司已於二零零二年八月二十七日與銀行訂立重組協議（「重組協議」），重組協議訂定有關條款及原則，並列明本公司與銀行將於適當時候訂立正式文件（「正式文件」），以實行重組協議。重組協議規定以二零零二年十二月三十一日或銀行指導委員會以簡單多數票同意之日期作為訂立正式文件之最後期限（「最後期限」）。本公司附屬公司所發行於二零零零年到期之浮息票據持有人已獲提出銀行所同意的相若條款，該等票據由本公司作出擔保。於二零零二年十二月三十一日，本公司宣佈最後期限已順延至二零零三年三月三十一日，以便完成正式文件。

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The Formal Documentation is currently being drafted. Due to the complexity involved, both the Company and the Banks are of the view that more time is needed for the finalization of the Formal Documentation. On 31st March, 2003, a majority of the Bank's steering committee has agreed to extend the Long Stop Date for entry into the Formal Documentation from 31st March, 2003 to 30th June, 2003, by which time the Directors expect the Formal Documentation to be completed.

Liquidity and Financial Resources

The Group's borrowings at the balance sheet date comprised Hong Kong and PRC bank loans of \$1.82 billion and the FRNs of US\$26.3 million. As the Group and the Company were in default of all these borrowings, these amounts became due immediately and were classified as current liabilities.

All these borrowings are interest bearing with interest rates fixed at market rates plus margin at various intervals of time from one month to one year after the previous fixing. The majority of the borrowings are denominated in Hong Kong dollars. As of the balance sheet date the foreign currency borrowings included US\$ borrowings of 12.1%, RMB borrowings of 7.5% and Japanese Yen borrowings of 5.1% approximately of the total borrowings. The Group had pledged deposits of \$187.2 million and cash and cash equivalents of \$261.1 million at the balance sheet date. The Group has not used financial instruments for currency hedging purposes.

Details of Charges on Group Assets

The Company and certain of its subsidiaries have entered into a guarantee and debenture dated 3rd December, 2001, under which all of their assets and properties were charged by way of fixed and floating charges in favour of the bank creditors and the holders of the FRNs for the purpose of securing the Hong Kong bank indebtedness and the FRNs.

有關方面正草擬正式文件。由於過程複雜，本公司及銀行均認為需要較多時間落實正式文件。於二零零三年三月三十一日，銀行指導委員會已以多數票同意將訂立正式文件之最後期限由二零零三年三月三十一日順延至二零零三年六月三十日，董事會預期屆時將可完成正式文件。

流動資金及財務資源

本集團於結算日之借貸包括香港及中國的銀行貸款18.2億元及浮息票據26,300,000美元。由於本集團及本公司已對這些票據及所有銀行借款違約，該等借貸變為即時到期，而列為流動負債。

上述所有借貸利率是在上一次利率釐定日後按為期由一個月至一年不等的市場息率加息差釐定。大部份借貸以港元為單位。於結算日，外匯借貸中美元借貸約佔總借貸額之12.1%、人民幣借貸約佔7.5%及日圓借貸約佔5.1%。於結算日，本集團的已抵押存款為187,200,000元及現金和現金等價物為261,100,000元。本集團並無利用金融工具作貨幣對沖用途。

集團資產抵押詳情

本公司及若干附屬公司於二零零一年十二月三日訂立一項擔保及債券；據此，本公司及若干附屬公司將其名下全部資產及物業以固定及浮動抵押形式予其債權銀行及浮息票據持有人，作為香港銀行債務及浮息票據之抵押。



CHAIRMAN'S STATEMENT *(continued)* 主席報告書 (續)

Gearing Ratio

The Borrowings to Equity Ratio of the Group as at 31st December, 2002 amounted to 290.0% (2001: 140.8%), being the ratio of "total borrowings and the FRNs less cash and cash equivalents and pledged deposits" divided by "shareholders' equity".

Contingent liabilities

Details of the group's contingent liabilities are set out in note 34 on the financial statements.

BUSINESS REVIEW

Construction

The Group had in hand contracts valued at \$5.9 billion at the end of 2002 (excluding the share of joint venture partners). They included a construction contract for residential development at the Tung Chung Station, a construction contract for residential development at Lai Chi Kok, three West Rail projects, the widening of Tolo Highway, Shanghai Pudong Shangri-La Hotel Extension Project, Shanghai Outer Ring Tunnel project, a Chinese government joint venture contract for main construction of the National Grand Theatre in Beijing, and a Chinese Shenzhen government contract for main construction of the Shenzhen Convention Exhibition Centre.

The construction business of our Group experienced another challenging year in 2002. With the financial position under debt restructuring with its bank creditors, the Group had to manage its financial resources effectively and continued to make improvement in the progress of the construction works. The Group has completed several construction projects satisfactorily in 2002, including a joint venture project of improvement and noise mitigation works at Wong Chu Road in Tuen Mun New Town, a government joint venture contract for Penny's Bay reclamation stage 1, main contract work for construction of Science Park Phase 1A at Pak Shek Kok, a joint venture project for construction of Shanghai New International Expo Center and main contract work for construction of Qingzhou Min Jiang Bridge in Fuzhou, the PRC.

資本負債率

本集團於二零零二年十二月三十一日之借貸對權益比率為290.0% (二零零一年: 140.8%)，該比率之計算方法為將「借貸及浮息票據總額減現金和現金等價物及抵押存款」除以「股東權益」。

或有負債

本集團的或有負債詳情於財務報表附註34內敘述。

業務回顧

建築

集團於二零零二年底手頭合約總值達59億元 (不包括合營夥伴的部份)。該等合約包括東涌站住宅發展建築合約、荔枝角住宅發展建築合約、三項西鐵工程、吐露港公路擴闊工程、上海浦東香格里拉酒店擴建工程、上海外環隧道工程以及中國政府批出的總承包北京國家大劇院的合營合約、深圳市政府之深圳會議展覽中心。

本集團建築業務於二零零二年繼續面對重重挑戰。在與銀行債權人進行債務重組的財務狀況下，本集團仍能有效地管理財務資源並繼續改善建築項目之進度。本集團於二零零二年成功完成若干建築項目，包括合營項目屯門新市鎮黃珠路道路改善工程、竹篙灣第一期填海工程的政府合營合約、白石角科學園1A期總建築合約工程、上海新國際博覽中心合營建築項目及中國福州青州閩江大橋總建築合約工程。

CHAIRMAN'S STATEMENT *(continued)*

主席報告書 (續)

The construction sector, like the rest of the Hong Kong economy, continued to go through the process of consolidation. Although the business environment was difficult in Hong Kong in 2002, with the focus of the management team and hard work of the staff members, the Group successfully clinched a \$975 million contract to build the superstructure of the residential development at the Tung Chung Station in March 2002 and a \$576 million contract to build the superstructure of the residential development at Lai Chi Kok in May 2002.

The Mainland is known to be a nation with the largest population and the greatest potential for economic growth, as proved by its continuous annual growth rate of 7% or above. The Group has been making an effort to expand its construction business in China and has successfully won a RMB690 million main contract to build the Shenzhen Convention Exhibition Centre for the Shenzhen Government in November 2002.

The Group has been restructuring its construction business so that it will form a major and steady source of income. It is tendering for several private contracts in Hong Kong and plans to bid for large-scale construction projects in both China and Macau.

Property

The Group has a property investment portfolio in first class commercial and residential developments in Shenzhen, Guangzhou, Haikou and Beijing. The market conditions of property investment in Mainland continued to be stable and competitive in 2002. We aim at building up a steady stream of rental revenue and maximizing the potential return of our investment properties. The Group concentrated to maximize tenant retention through the provision of customer-oriented services, closely monitored lease renewals and pursued advance leasing negotiation with tenants. In addition, we continued to improve our operating efficiency to achieve cost saving.

建築業和香港其他行業一樣，仍在經歷整合期。儘管於二零零二年香港的營商環境艱困，惟得力於管理層隊伍之專心致志及各員工之不懈努力，本集團於二零零二年三月成功取得價值975,000,000元之東涌站上蓋住宅物業項目建築合約，更於二零零二年五月取得價值576,000,000元之荔枝角上蓋住宅物業項目建築合約。

眾所周知，中國內地人口稠密，其經濟增長潛力更穩居榜首，其7%或以上之持續年增長率為最佳例證。本集團致力擴展中國建築業務，於二零零二年十一月成功取得價值人民幣690,000,000元的總合約，為深圳政府建設深圳會議展覽中心。

本集團現正不斷重組建築業務，以產生主要及穩定的收入來源。本集團現正就香港若干私人合約投標，並計劃於中國及澳門競投大型建築項目。

地產物業

本集團旗下物業投資組合包括深圳、廣州、海口及北京之一級商業及住宅項目。二零零二年，中國內地物業投資市況持續平穩，競爭亦未見緩和。本集團矢志建立穩定的租金收入來源及盡量擴大投資物業之潛在回報。本集團致力提供以客為先之服務、密切監察續租事宜及提早與租賃人磋商續租，從而提升續租率。此外，本集團繼續改善經營效益，節省成本。



CHAIRMAN'S STATEMENT *(continued)* 主席報告書 (續)

The property sales market remains sluggish. The Group strived to generate more cash inflow to improve its liquidity through the disposal of its stock in property development, but the progress was slow.

Employees

At the end of 2002, there were a total of approximately 315 employees employed by the Group. The employees are remunerated according to the nature of jobs, their and the Group's performance, and market conditions. Some of the employees are entitled to participation in the share option scheme of the Group.

OUTLOOK

In the context of an extremely volatile situation in the Middle East and North Korea, of a local economy that is still struggling to recover and with the impact of Severe Acute Respiratory Syndrome, and of global economic uncertainty it is difficult to predict the future with any normal degree of confidence. The year ahead will be another challenging one for the Group. In view of such fierce competitive business environment, the Group will continue the corporate strategy of maintaining stringent cost controls, streamlining the operations, disposing of the non-core assets and maximizing operating efficiency.

For the construction business in Hong Kong, although the Group was resumed of Group C licenses with the Works Bureau on 23rd October, 2002, they have been suspended by the Works Bureau on 4th April, 2003 as a result of our liquidity position. The Group is striving for resumption of our Group C licenses with the Works Bureau. We hope that through our improved performance of public works contracts and the support of the bank creditors, the Works Bureau will in due course uplift the suspension from tendering.

物業銷售市場仍然疲弱。本集團致力透過出售發展物業改善流動資金狀況，惟進度緩慢。

僱員

於二零零二年底，集團合共約有315名僱員。僱員之薪酬按工作性質、彼等及集團之表現，以及市場情況而釐訂。部份僱員更可參與集團的優先認股計劃。

展望

中東及北韓局勢極度不穩，本港經濟仍未能完全擺脫困境，平穩復甦，在非典型肺炎影響下，及加上全球經濟不明朗，難以看透前景和回復信心。來年，本集團仍會遇到種種難題。鑑於營商環境競爭日趨白熱化，本集團將繼續恪守嚴緊成本控制、精簡業務、出售非核心資產及擴大營運效益等公司策略。

在香港建造業務方面，本集團雖於二零零二年十月二十三日從新獲工務局發出公共工程C牌，惟由於流動資金狀況，本集團公共工程C牌於二零零三年四月四日遭工務局暫時取消。本集團一直積極要求工務局恢復公共工程C牌，希望隨著公營工程合約表現得以改善及銀行債權人之大力支持，工務局將於適當時候准許公司復牌投標。

CHAIRMAN'S STATEMENT *(continued)* 主席報告書 (續)

The successful entry of China into the WTO will make Mainland continue to attract investments from local and foreign investors. The economy of Mainland will continue to grow at a steady pace and present infinite opportunities for construction business. Given our leading position, expertise and experience in the Mainland construction industry, we will expand our construction business in Mainland and are well prepared to pursue tenders for both public and private sectors' contracts, particularly the large scale infrastructure, urban redevelopment and transportation projects.

With regards to the Group's financial position, the formal documentation of debt restructuring is expected to be finalized in 2003 and new loan facilities from the bank creditors will be available. The new loan facilities will be used to strengthen our working capital. We will continue to focus on a 5-year asset sales programme. We are actively marketing our properties located at Shun Hing Square, South Ocean Centre and Shenzhen Jing Guang Centre in Shenzhen as well as Silver Valley Garden in Hainan. Our target is to dispose of certain major assets to increase our working capital and improve our liquidity and financial position.

I would like to thank the Board of Directors and the Group's employees for their hard work, support and dedication.

中國成功加入世貿後，將繼續招徠當地及海外投資者。中國內地經濟得以平穩步伐繼續增長，為建造業帶來無限商機。鑑於本集團於中國內地建築業享有領導地位，且具備專業知識及豐富經驗，本集團將於中國內地擴展建造業務，並已準備就緒，就公營及私營機構，特別是大型基建、市區重建及運輸項目等合約投標。

本集團之財務狀況方面，債務重組之正式文件預期將於二零零三年落實，屆時將可獲得銀行債權人之新貸款額。新貸款額將用於增加本集團之營運資金。本集團將繼續專注於5年資產銷售計劃。本集團積極促銷位於深圳的信興廣場、南海中心及深圳京廣中心，以及位於海南的銀谷苑。本集團之目標為出售若干主要資產，以增加營運資金，從而改善本集團的流動資金與財務狀況。

本人謹此向董事會及本集團員工的不懈努力、支持與熱誠致以衷心感謝。