

## Chairman's Statement

### 主席報告

#### STEADY GROWTH • AIM FOR EXCELLENCE

#### 穩健發展 • 積極進取

### REVIEW OF RESULTS

The audited turnover of the Group for the year ended 31 December 2002 was HK\$181.9 million (2001: HK\$135.4 million), representing an increase of 34%. The consolidated profit attributable to shareholders for the year 2002 was HK\$103.8 million (2001: HK\$62.4 million), representing a growth of 66%. The growth of business is mainly attributable to the following factors:

Other operating expenses for 2002 decreased by approximately HK\$41.5 million as compared to 2001, mainly because expenses for the previous year included an extraordinary item of bad debts write-off of approximately HK\$43.6 million in aggregate.

During the year, profit from associates increased by more than 5 times, or HK\$75.2 million, of which, the growth in the returns on infrastructure investments was particularly significant, recording an increase of approximately HK\$15.9 million or 24%, and the remaining was due to the disposal of several loss-making associates in previous year. The loss shared by the Group from those associates in 2001 amounted to HK\$71.5 million in aggregate.

For 2002, the Group recorded an extraordinary gain of HK\$26.2 million from the sale of its entire interest in SilverNet Group Limited, its associate. In 2001, through the restructuring of International Copper Industry (China) Investment Limited, the Group recovered a bad debt amounting to HK\$93.7 million and hence recorded an extraordinary write-back of bad debt provision for the same amount.

### 業績回顧

本集團截至二零零二年十二月三十一日止年度經審核之營業額為18,190萬港元(二零零一年：13,540萬港元)錄得34%增長。二零零二年度之綜合股東應佔溢利為10,380萬港元(二零零一年：6,240萬港元)，錄得66%增長。業績增長主要由下述因素促成。

二零零二年度的其它經營支出比二零零一年度減少約4,150萬港元；減少是因為去年的支出中含有撇賬總額約4,360萬港元的非經常性壞賬項目。

年內，來自聯營公司的盈利貢獻錄得逾5倍或7,520萬港元的增長；其中以基礎建設投資的回報增長尤其明顯，增長約達1,590萬港元或24%。其餘部分是由於去年完成出售若干經營上錄得虧損的聯營公司而致；本集團於二零零一年承擔該等聯營公司的虧損總額為7,150萬港元。

二零零二年度，本集團從出售聯營公司銀網集團有限公司全部權益而獲得2,620萬港元非經常性收益。二零零一年度，本集團通過重組國際銅業(中國)投資有限公司股權而回收一筆金額達9,370萬港元壞賬而錄得一項相同金額的非經常性的壞賬回撥收益。

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## BUSINESS REVIEW AND PROSPECT

### PRC Property Investment

The Group's PRC property investment was conducted through Beijing East Gate Development Co., Ltd ("East Gate") and East Gate Plaza, which is owned by East Gate, forms the core of the Group's property portfolio. During the year, rental from East Gate Plaza was stable. Gross rental income before expenses was approximately HK\$71.5 million and revenue from property development was approximately HK\$12.8 million. In 2002, East Gate contributed HK\$51.3 million after-tax profit to the Group.

In property development, the 2.8 million square feet HaiYun Warehouse redevelopment project was completed during the year. As a result, funds of HK\$114.4 million approximately were cashed in with a profit of HK\$21.0 million, or a return on investment of 22%, meeting the original target. During the year, East Gate implemented the WangJing project. The project has a site area exceeding 1.5 million square feet. Total floor area will be approximately 5.0 million square feet. The project had commenced and demolition and clearance had been completed. The Directors believe that the project will generate substantial profit for the Group.

In order to maintain the steady rental income of East Gate Plaza and to develop the PRC property business, the Group engages in property management services in Beijing under the brand name of Beijing Yinda Property Management Limited ("Yinda"). By combining and exercising the three management standards on quality, environment and safety, Yinda has upgraded its management services to international and professional levels. Currently, there are 19 large-scale property projects under Yinda's management, including commercial buildings, major shopping malls, service apartments and residential premises with a total floor area of approximately 20.0 million square feet. During the year, Yinda recorded a turnover of approximately HK\$61.0 million, a gross profit of approximately HK\$20.3 million and an after-tax profit of approximately HK\$3.0 million, and its gross profit margin and net

### 業務回顧及展望

#### 中國房地產投資

本集團於中國房地產的投資以北京東環置業有限公司(「東環置業」)為主體；物業組合亦以東環置業所擁有的東環廣場為主。東環廣場年內的租務情況維持平穩，在未扣除費用前的總租金收入約7,150萬港元、房地產開發業務收益約1,280萬港元。二零零二年度東環置業為本集團貢獻稅後盈利5,130萬港元。

房地產開發業務方面，海運倉280萬平方呎危房改造項目已於年內完成；並已回籠資金約11,440萬港元，獲利2,100萬港元，回報率22%符合預期。年內東環置業亦落實投資開發望京項目，該項目佔地超過150萬平方呎，總建築面積約500萬平方呎；開發工程已經開始，目前已完成拆遷工作，董事相信該項目會為本集團帶來豐厚收益。

為了能夠保持東環廣場的租金回報平穩增長並且配合中國房地產業務發展之需要，本集團透過以北京銀達物業管理有限公司(「銀達」)之品牌，於北京市從事物業管理業務。目前銀達通過將質量、環境和安全三個管理系統標準的合併及有效地運行，使物業管理達到了國際化和專業化水平。管理之大型物業項目達19個之多，物業種類包括有商業樓層、大型購物商場、服務式公寓及住宅，總樓面面積約2,000萬平方呎。年內銀達錄得營業額約6,100萬港元，毛利約2,030萬港元，稅後盈利約300萬港元；毛利率及淨利率分別為33%及5%，不

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profit margin were 33% and 5% respectively. Yinda not only ensured a stable rental return for East Gate Plaza but also achieved good economic results for itself. Also, in order to enhance its planning, marketing and promoting capabilities, East Gate jointly with RE/MAX of the United States (美國RE/MAX東灣集團) would establish 北京東灣投資顧問有限公司 with the objective to apply international advanced property management concepts and successfully tested software management system to the PRC property market. Currently, the company is organizing, planning, negotiating and implementing new development projects. The Directors expect East Gate, with its unique business acumen, to emerge as a market leader in the property sector.

#### Infrastructure

The Group invested indirectly in PRC infrastructure projects through its 50% owned associate CII Limited ("CII"). In 2002, CII has contributed HK\$81.7 million to the Group (2001: HK\$65.8 million), representing an increase of 24%.

During the year, in order to implement the future development plan, after an enormous amount of complex and yet outstanding work, CII successfully sold its entire interest in the Shantou project to the Chinese party, cashing in substantial funds with reasonable return on investment. CII is currently having discussions with the Chinese party on certain investment projects in Henan and Wuhan. The discussions are expected to conclude in the same way as the Shantou project.

Regarding future investment, CII will focus on pertinent infrastructure facilities in the city, such as water, electricity and gas supply, and will ensure a controlling interest in each of the individual project. With this strategy, CII has invested in 泰安天然氣管線項目 (the Taian Natural Gas Pipelines Project) in Taian City, Shandong Province, during the year. The total investment was RMB220.0 million, with CII holding 80% of interest. Phase I of the Project had basically completed. In addition, CII was actively considering a number of projects and would select those with good potential for investment.

僅保證了東環廣場的租金回報，本身也取得了經濟效益。同時，為了加強東環置業的策劃、銷售和推廣能力，於年內由東環置業與美國RE/MAX東灣集團合資成立了北京東灣投資顧問有限公司，旨在將國際先進的房地產經營理念和成功的軟硬件管理系統與中國的房地產市場相結合；目前該公司正在籌劃、協商及落實新的發展項目。董事期待東環置業以其獨特的投資眼光在房地產界脫穎而出。

#### 基礎建設

本集團透過其佔股50%之聯營公司中基建設投資有限公司（「中基」）間接投資於中國的基礎建設項目。二零零二年度中基為本集團貢獻8,170萬港元（二零零一年：6,580萬港元），增幅達24%。

年內中基為配合未來的發展策略，經過大量複雜而卓有成效的工作，中基已悉數將汕頭項目回售予中方合作方；套現及回籠大量資金並獲得合理收益。於河南及武漢的若干投資項目，中基亦正與中方合作方磋商，預期最終將會以汕頭項目模式完成協商。

未來投資方面，中基將會側重投資於城市內的相關基礎設施如供水、供電及供氣等；並於每單項投資中持有控股地位。據此策略中基於年內已落實投資山東省泰安市的泰安天然氣管線項目，總投資額2.2億人民幣，中基佔股80%，第一期建設已基本完成。此外中基目前正積極考核若干項目，擇其優者投資。

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#### Listed Investment

The Group holds an indirect interest of about 9% in Jiangxi Copper Company Limited ("JCC"), a listed company, and is accounted for equity.

In 2002, the Group shared HK\$14.3 million of the results of JCC (2001: HK\$28.2 million), representing a decrease of approximately 49%. The Directors are of the view that JCC is a company of good potential. The fall in its results was mainly due to the previous record low levels of copper price both domestically and internationally. The Directors believe that the current continual rebound of copper price would bring substantial revenue to the Group.

#### High Technology Investment

During the year, after a careful assessment of the situation, the Group took decisive action in disposing its interest in SilverNet Group Limited ("SilverNet"), thus cashing in a working capital of HK\$165.0 million. The sale of SilverNet interest not only brought a revenue of approximately HK\$26.2 million to the Group, but also cushioned the Group from the adverse impacts of the subsequent burst of the technology bubble.

#### Group Strategies and New Businesses

The Group has achieved substantially the strategic objectives set by the Board of Directors, namely to dispose of non-core investment and re-deploy resources to core business development. The Group's development strategy hereafter is "to develop mainline business steadily and to expand into the finance sector". PRC property development and PRC infrastructure investment will continue to be the two core businesses of the Group. The Group will assess each investment project carefully and prudently, and will not exceed its capabilities, thereby ensuring that a sound financial position for the Group to obtain recurring revenue while at the same time achieve growth through scale.

#### 上市股份投資

本集團間接持有上市公司江西銅業股份有限公司(「江銅」)約百分之九權益，並列賬作股本。

二零零二年度本集團攤佔江銅業績1,430萬港元(二零零一年：2,820萬港元)減少約49%。董事認為江銅是一家很有潛力的企業，其業績下降主要是較早前國際銅價及國內銅價均處於歷史低水平所致。董事相信隨著目前銅價的不斷回升，江銅會為本集團帶來可觀之收益。

#### 高新科技投資

年內本集團審時度勢，果斷且已悉數出售於銀網集團有限公司(「銀網」)的權益並套現超過16,500萬港元流動資金。出售銀網權益不僅為本集團帶來約2,620萬港元收益且使本集團免受科技股爆破之苦。

#### 集團策略及新業務開拓

本集團已基本上達成董事局所定下的策略目標，即處理非核心投資、集中資源發展核心業務。今後本集團的發展策略是「穩定發展主營業務，開拓發展金融業務」。中國房地產投資和中國基礎建設投資仍將是本集團的兩個核心業務，本集團將以穩健的態度，審慎決定每個投資項目，絕不勉強為之，以保證本集團在財務狀況良好的情況下，透過擴大經濟規模，取得穩定的經常性收益。

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Furthermore, the Group is actively considering the potential of making financial investment in China and Hong Kong, including but not limited to securities investment, brokerage, insurance, investment funds and investment banking. The Directors believe that financial investment will provide a major source for rapid growth and expand its sources of revenue.

### FINAL DIVIDEND

The Directors have resolved to recommend a final dividend of HK\$0.03 (2001: HK\$0.02) per share for the year ended 31 December 2002 payable to shareholders whose names appear on the register of members of the Company on 27 May 2003. The final dividend, if approved by the shareholders in the Annual General Meeting, will be payable on 10 June 2003.

### HUMAN RESOURCES

The Group employed approximately 1,500 people at the year end, of which 20 are staff of the head office in Hong Kong. The remaining are PRC based and is employed by and work for the Company's subsidiaries. The Hong Kong employees are employed through a competitive remuneration package. The PRC employees are employed pursuant to the provision of the PRC labour law. Salaries and bonus are adjusted and paid based on the performance of individual employees during the year. Other employee benefits includes provident fund, employee compensation and medical insurance, paid sick leaves and share option scheme.

The Group does not operate any retirement benefit scheme itself. For Hong Kong employees, their retirement protection is achieved by joining the Mandatory Provident Fund Scheme. Both the Group and the employee concerned each make a contribution equals to 5% of the employee's monthly basic salary (limited to the HK\$1,000 cap) on a monthly basis. The PRC employees join the state-managed retirement benefit scheme with contributions made in accordance with the relevant laws. Total retirement benefit costs for the year ended 31 December 2002 was approximately HK\$1.3 million.

同時本集團現正以積極進取的態度，研究於香港及中國兩地投資於包括但不限於證券投資、經紀、保險、投資基金和投資銀行等業務為主的金融業務，董事相信通過金融投資可增強本集團高速增長的動力及擴大收益來源。

### 末期股息

董事會擬建議派發截至二零零二年十二月三十一日止年度末期股息每股港幣三仙(二零零一年：港幣二仙)給予二零零三年五月二十七日已登記在本公司之股東名冊內之股東。上述末期股息，如獲股東於股東週年大會上通過，將於二零零三年六月十日派發。

### 人力資源

本集團於年底之僱員總數約有1,500人，其中有20名為香港受僱並於集團總部任職；其餘均為由本公司之附屬公司於中國當地聘用之員工。香港僱員都是以具有競爭性之僱傭條件聘用；而國內僱員均依循中國的勞動法規定之條件聘用。薪酬及花紅均視個別僱員年內之表現酌情調整或發放。其它員工福利包括公積金、僱員勞工保險及醫療保險、有薪病假及購股權計劃。

本集團並無自行經營任何退休福利計劃。香港僱員藉參加強制性公積金計劃獲得退休保障。本集團為有關僱員每月供款額相當於僱員每月基本薪金5% (上限為港幣1,000元)。中國僱員參加國家管理退休福利計劃，根據有關法例作出供款。截至二零零二年十二月三十一日止年度總退休福利費用約為港幣130萬元。

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#### EXCHANGE RISKS AND HEDGING

The Group's income, returns and revenue from its PRC property investment and its return on PRC infrastructure investment are mainly denominated in Renminbi, and the finances obtained by the Group for PRC property investment and PRC infrastructure investment are also denominated in Renminbi. As such, the Directors are of the view that there is no substantial exchange risk arising from mis-matching of currencies in respect of revenue and investment. Moreover, as Renminbi is not a freely convertible currency at present, it is difficult to quantify any potential risk associated with the exchange rate between Renminbi and Hong Kong dollars. Nevertheless, the Directors are of the opinion that there will not be any substantial change in the exchange rate between Renminbi and Hong Kong dollars in the foreseeable future, and, as such, the Group will not be subject to any exchange risk.

The Group did not engage in any contractual hedging activities in respect of exchange risks at any time in 2002.

#### OPERATING FUND MANAGEMENT

During the year, the Group virtually redeemed all of its convertible bonds (except for those with a principal amount of US\$0.2 million which will fall due in August 2004), details of which are set out in Note 32. Upon completion of the redemption of the convertible bonds, the Group would not have any substantial debt which is repayable in the short term, particularly bank indebtedness.

As at 31 December 2002, the Group's total bank indebtedness was approximately HK\$759.8 million, of which Renminbi loans equivalent to approximately HK\$529.9 million in aggregate were operating funds borrowed by East Gate. The loans are short-term revolving credits drawn under a long-term banking facility obtained by East Gate. Of the remaining portion, approximately HK\$163.4 million was financing raised by the Group for investment in JCC. The Group repaid the loan with its internal resources after the balance sheet date.

#### 匯兌風險及對沖

本集團從中國房地產投資所得的租金收入和回報收益以及從中國基礎建設投資所得之回報收益均以人民幣為主；而與中國房地產投資和中國基礎建設投資兩項業務相關的融資也是以人民幣為主；故董事認為收益以及投資兩方面並無任何重大之貨幣錯配的匯兌風險。此外由於人民幣目前不是自由流通貨幣，故人民幣與港元之潛在的匯兌風險難以量化；但董事認為當前的人民幣兌港元匯率於可見未來將不會出現重大調整，故不會為本集團帶來重大的匯兌風險。

本集團於二零零二年度任何時間概無就匯兌風險執行任何合約形式的對沖行動。

#### 流動資金管理

年內本集團已基本上贖回本集團的所有可換股債券(除20萬美元本金金額，將於二零零四年八月到期償付外)，詳情見附註32)。完成贖回可換股債券後，本集團並無任何重大並且需於短期內償還的債務，尤其是銀行債務。

本集團於二零零二年十二月三十一日之銀行債務總額約75,980萬港元。其中有約52,990萬港元等值之人民幣貸款為東環置業的營運資金貸款；該等貸款是東環置業所取得的一項長期銀行授信額度下的短期循環貸款。餘下部分有約16,340萬港元銀行貸款是本集團投資江西銅業股份的相關融資，該貸款於結算日後已由本集團以內部資源悉數償還。

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The Directors have made a forecast of its operating fund requirements for the coming year, and have concluded that the Company's operating revenue plus internal resources are adequate to meet its operating fund requirements.

As at 31 December 2002, the gearing ratio of the Group was 40%; the interest payment rate was 2.4 times. The net asset value per share was HK\$1.6 and the earnings per share were HK\$0.08, resulted in return on capital per share was 5%.

*Note:*

- Gearing ratio = (Interest-bearing indebtedness – Bank balances and cash)/Shareholders' equity
- Interest coverage = Total earnings before interest and tax/Total interest expenditure
- Net asset value per share = Net asset value/Total number of issued shares
- Return on capital = Earning per share/Net asset value per share

By order of the Board

**ZHU Dengshan**

*Chairman*

Hong Kong, 24 April 2003

董事已就本集團未來一年的營運資金需求作出預測並得出結論認為本集團的營運收入加上內部資源足夠應付營運資金的需求。

本集團於二零零二年十二月三十一日之資本與負債比率為40%、利息償付比率為2.4倍，而每股淨資產值為1.6港元，每股盈利8港仙，折合股本回報率為5%。

*註：*

- 資本與負債比率 = (帶息負債—銀行存款及現金) / 股東權益
- 利息償付比率 = 未計利息及稅前盈利總額 / 總利息支出
- 每股淨資產值 = 淨資產值 / 總發行股數
- 股本回報率 = 每股盈利 / 每股淨資產值

承董事會命

主席

朱登山

香港，二零零三年四月二十四日