



Dr. Han Cheng Fong *Chairman*
韓禎豐博士 主席

Overview

2003 was a difficult year in which the Group suffered its fourth straight year of losses. The adverse impact of the global uncertainty arising from the war in Iraq, terrorism and the SARS outbreak in East Asia, especially in China and Hong Kong, affected our different projects and businesses to varying degrees. In this challenging environment, we took steps to streamline and rationalise the Group's asset base to maximise the application of our resources. We disposed of several non-core and non-performing assets while at the same time restructured and repositioned the Group's core businesses to improve their performance in the short term and to realise their potential in the longer term. In this process, accounting provisions had to be made for certain assets involved to better reflect their true economic values arising from the changed circumstances.

The restructuring and repositioning process, which often involved difficult choices between alternatives and tough decisions, will continue into 2004. I expect that it will eventually change the Group's profile as we respond to the emerging economic realities of the market place.

Concurrent with the restructuring and repositioning process, the Group made progress during 2003 towards improving operational efficiency. We controlled costs tightly and better managed the allocation of our human resource to activities which we believe possess the greatest potential for extraction of returns. Although our staff strength fell from about 480 to 400 during the year, we now have a more focused management team to underpin our recovery strategy. We believe these initiatives bode well for the future.

回顧

二零零三年是艱辛之一年，本集團第四年錄得虧損。因伊拉克戰爭、恐怖主義以及非典型肺炎在東亞地區爆發（尤其是中港兩地）帶給全球之不確定因素不利之衝擊，導致本集團不同項目及業務受到不同程度之影響。面對如此艱困之環境，本集團進一步精簡本集團之資產基礎，務求使投入之資源得以發揮最大效益。本集團已出售若干非核心及表現欠佳之資產，並同時重組本集團之核心業務及將其重新定位，藉於短期內改善有關業務之表現，長遠而言則發揮其潛力。就此，本集團已於有關過程中就若干所涉及之資產作出會計撥備，以更有效反映其於若干條件變動後之真實經濟價值。

重組及重新定位之過程，將持續至二零零四年，而其中往往牽涉難以取捨之選擇及決策。本人預期，有關過程最終會令本集團之組合出現轉變，以回應市場萬變之經濟實況。

除重組及重新定位之工作外，本集團亦同時於二零零三年改善營運效率之行動中取得進展。本集團不僅嚴格控制成本，更有效調配本集團之人力資源至本集團認為擁有龐大回報潛力之業務。儘管本集團之員工人數於年內由約480人減至400人，惟其管理隊伍現時更為集中，為本集團之復甦策略提供支援。本集團相信，此等措施於日後將取得理想效果。

We continued during the year to shift our focus and resources to China to take advantage of its attractive business opportunities. Consistent with this strategy, we pumped over HK\$460 million of fresh capital during 2003 into our existing projects there.

Financial Performance

The loss attributable to shareholders for 2003 was HK\$846 million compared to HK\$267 million in 2002. This deterioration in the Group's performance was due to the operating losses incurred by the information/communication technology business ("Infocomm"), the reduced sales of our Hong Kong portfolio of developed residential properties, the increased marketing expenses of our residential projects in China, and more importantly, the provisions totalling HK\$776 million relating to the Shenzhen business park property, the Infocomm business and other minor assets.

Although operating provisions decreased to HK\$37 million from HK\$59 million in 2002, non-operating provisions rose substantially by HK\$597 million to HK\$739 million from HK\$142 million. These non-operating provisions were made in accordance with accounting policies and principles. The single largest provision of HK\$583 million was attributed to the remaining undeveloped site of the Vision (Shenzhen) Business Park ("VSBP") to properly reflect the uncertainty of its future investment potential. A non-operating provision amounting to HK\$109 million was also made on the goodwill relating to CyberCity Investments Group (representing the bulk of the Infocomm business) that was acquired in May 2002 in view of its operating losses and the uncertain outlook arising from the termination of our agreement with Edusoft, a leading English language training company, to operate training centres in China. Finally, a provision of HK\$40 million was made for our effective 25%-shareholding in an electricity power plant in Wuhu, China to reflect its estimated recoverable amount. This is a non-core asset and is earmarked for disposal. As a result, loss per share rose to HK29.8 cents, up from HK11.3 cents in 2002.

本集團於年內一直將本集團之重心及資源轉移至中國，以於其具吸引力之商機中獲益。本集團為貫徹此策略，已於二零零三年將超過港幣460,000,000元之新資金注入本集團於當地之現有項目。

財務表現

二零零三年度股東應佔虧損為港幣846,000,000元，而二零零二年則為港幣267,000,000元。本集團表現出現倒退乃由於資訊科技業務（「資訊科技」）產生之經營虧損、香港已發展住宅項目組合銷售額減少、有關中國住宅項目之市場推廣開支增加以及更為重要是本集團就深圳商業園物業、資訊科技業務及其他小型資產作出合共港幣776,000,000元之撥備所致。

雖然就經營業務之撥備由二零零二年之港幣59,000,000元減至港幣37,000,000元，就非經營業務之撥備卻由港幣142,000,000元大幅增加港幣597,000,000元至港幣739,000,000元。此等就非經營業務撥備乃按照會計政策及原則而作出。單一最大撥備港幣583,000,000元乃就深圳威新軟件科技園（「深圳威新」）之餘下未發展地盤而作出，藉以適當反映其未來投資潛力之不確定因素。此外，鑑於CyberCity Investments Group之經營虧損，本集團已就於二零零二年五月收購之CyberCity Investments Group（佔資訊科技業務之大部份）之商譽，以及本集團終止與Edusoft（一間具領導地位之英語培訓公司）於中國合作營辦培訓中心而訂立之協議所產生之不確定前景作出港幣109,000,000元之非經營業務撥備。最後，本集團就其實際擁有25%股權之中國蕪湖發電廠作出港幣40,000,000元之撥備，以反映其預計可收回數額。此乃一項非核心資產，且作出售用途。就此，每股虧損由二零零二年之港幣11.3仙升至港幣29.8仙。

The Group's turnover for 2003 was HK\$185 million, representing less than 42% of 2002's turnover of HK\$443 million. The property segment continued to be the key contributor to the turnover, earning HK\$162 million, or 88% of the total, compared to HK\$416 million or 94% of the total for 2002. The significant drop in the turnover was due to the lower sales achieved in the Hong Kong residential portfolio, HK\$81 million in 2003 against HK\$413 million in 2002. With a provision of HK\$11 million made for developed properties held for sale in Hong Kong, a loss of HK\$39 million was recorded in 2003 for the property segment. The loss was due to the considerable marketing and selling expenses incurred to boost sales for Scenic Place in Beijing and The Ninth•ZhongShan in Dalian, especially in the aftermath of SARS. VSBP phase 1 contributed a stable rental income stream of HK\$12 million during the year. However, the asset suffered a HK\$14 million loss as a result of a revaluation deficit of HK\$20 million made to reflect the diminution in its carrying value.

Progress made

Despite the unsatisfactory financial performance, I should report that we did make considerable progress in several key areas during the year.

Notwithstanding intense competition, our flagship business park (VSBP phase 1) in Shenzhen, recorded a creditable occupancy rate of 93% as at 31 December 2003. In addition, we received approval from the Shenzhen authorities to develop phase 2 in March 2003, some 18 months after the plans were submitted. This phase 2 development will create another 120,000 square metres of world-class business park space and we are now planning its construction. Meanwhile, we are intensifying our marketing efforts to seek high-quality multi-national corporations and domestic users for the proposed development. We are also examining the design and development of the last undeveloped parcel of our Shenzhen site – referred to as phase 3 – which occupies 254,000 square metres with an existing permissible developable area of 408,000 square metres.

本集團於二零零三年之營業額為港幣185,000,000元，佔少於42%之二零零二年之營業額港幣443,000,000元。物業分部仍為營業額之主要來源，計為港幣162,000,000元，佔總營業額之88%，而二零零二年則為港幣416,000,000元，佔總營業額之94%。營業額之大幅減少是由於香港住宅組合之銷售額由二零零二年之港幣413,000,000元大幅減至二零零三年之港幣81,000,000元。另鑑於就香港待出售之已完成物業作出港幣11,000,000元之撥備，故物業分部於二零零三年錄得港幣39,000,000元之虧損。該虧損乃基於為北京蝶翠華庭及大連中山九號之推銷而耗用大量市場推廣及銷售費用所致，尤其是在非典型肺炎後。深圳威新第一期於年內帶來港幣12,000,000元之穩定租金收入。然而，資產卻因為反映其賬面減值而出現重估虧絀港幣20,000,000元，繼而蒙受港幣14,000,000元之虧損。

進展

儘管財務表現未如理想，本人謹此報告，本集團於年內在若干主要範疇仍取得有目共睹之進展。

雖然競爭激烈，本集團位於深圳之旗艦商業園（深圳威新第一期）於二零零三年十二月三十一日仍錄得93%之可觀出租率。此外，本集團在遞交計劃18個月後，於二零零三年三月取得深圳有關部門就進行第二期發展發出之批文。第二期發展將額外帶來120,000平方米之世界級商業園空間，而本集團現正規劃其建築工程。就此，本集團正加強其市場推廣，著力尋求高質素之跨國公司及國內租戶。同時，本集團正就其深圳最後一幅未發展地塊，即佔地254,000平方米及408,000平方米現時獲准可發展面積之第三期土地，進行設計及發展評估。

The construction progress of the Group's other residential and business park projects in China was generally on schedule. As at December 2003, the construction of Vision International Centre ("VIC"), which is the maiden business park development of Vision Huaqing (Beijing) Development Co. Ltd., the joint venture company between the Group and Beijing Tsinghua Science Park Construction Co. Ltd., reached the ninth level with four more levels to top-up stage. This high quality building is expected to be ready for occupancy in August 2004. The marketing of about 30,000 square metres of office space in VIC to a select group of multi-national corporations and well-established domestic companies has started.

The construction of the three towers of Scenic Place (phase 1) in XuanWu District, Beijing was completed towards the end of 2003 and as at 31 December 2003, the Group had entered into agreements for the sale of 421 units or 53% of the total 788 units. The marketing of The Ninth•ZhongShan in Dalian started in May 2003 and as at year-end, the Group had entered into agreements to sell 114 units or 26% of the total 432 units.

I am pleased to advise that we secured an enhanced plot ratio of 3.5 times, up from 2.74 times, for our Scenic Place site in October 2003. This will increase the developable gross floor area by about 94,000 square metres. We are currently planning for the development of the remaining site, which will yield an estimated 297,000 square metres of residential area, 26,000 square metres of serviced apartment, 13,000 square metres of commercial/retail area and the remaining area for facilities such as schools and public amenities.

本集團於中國之其他住宅及商業園項目之工程一般如期進行。於二零零三年十二月，本集團與北京清華科技園建設股份有限公司合組之合營企業－威新華清(北京)置業發展有限公司之首個商業園發展項目－威新國際大廈之工程已建至第九層，尚餘四層便達平頂階段。該幢優質之大廈預計於二零零四年八月便可供租用。本集團已向特定跨國公司及國內優質公司展開推廣威新國際大廈約達30,000平方米之辦公空間。

位於北京宣武區之蝶翠華庭(第一期)三幢大樓之工程已於二零零三年末完成，本集團並於二零零三年十二月三十一日訂立協議出售421個單位，佔合共788個單位之53%。大連中山九號之市場推廣已於二零零三年五月展開，本集團已於年末訂立協議出售114個單位，佔合共432個單位之26%。

本人欣然宣佈，本集團已於二零零三年十月為蝶翠華庭地盤取得更高之地積比率，由2.74倍提高至3.5倍，這將額外增加約94,000平方米之建築樓面面積。本集團現計劃餘下工地之發展，預計提供297,000平方米之住宅面積、26,000平方米之酒店服務式公寓，13,000平方米之商業／零售面積及餘下面積作學校及公共設施等用途。

Amidst the tough market conditions in Hong Kong – record high unemployment, weak economy and poor business sentiments, aggravated by the SARS outbreak – especially in the first half of 2003, we continued to sell-down the remaining units of our three completed residential projects in Hong Kong.

Although a wide-range of cost-cutting measures and consolidation and restructuring steps (including the sale of the Group's 85%-shareholding in loss-incurring Beijing Golden Voyage to the founder shareholders) were implemented during the year, the Infocomm business generated a turnover of HK\$11 million and suffered a loss of HK\$26 million, excluding the non-operating provision of HK\$109 million. It is clear that this performance is unacceptable and immediate and appropriate measures are being taken to stem the recurring losses.

Looking forward

We will focus on optimising our resources and streamlining operations to achieve cost efficiency. The top priority for 2004 is to seek ways to restructure the Group's businesses so as to generate cash flows.

The Group will concentrate its resources on the real estate development business in China. While full commitment and focus are given to the existing residential projects in Beijing (Scenic Place) and Dalian (The Ninth•ZhongShan), and business parks in Shenzhen and Beijing, the Group will explore development opportunities in second-tier cities in China such as Tianjin, Shenyang, Nanjing and Hangzhou where the economic growth is robust. As property development in China faces intense competition, it is urgent for the Group to build a brand name synonymous with quality, innovative designs and a high standard of property management capable of maintaining capital values. We aim to develop projects that offer value-for-money and product differentiation to attract purchasers.

面對香港嚴峻之市況，特別是二零零三年上半年，失業率高企，經濟疲弱及市況低迷等問題，加上非典型肺炎爆發下，本集團仍繼續出售其於香港三個已完成住宅項目之剩餘單位。

雖然本集團於年內推行不同類型之削減成本措施，並進行整合及重組（包括向創辦人股東出售本集團於產生虧損之北京金海航所擁有85%股權），資訊科技業務之營業額仍僅為港幣11,000,000元，並錄得虧損港幣26,000,000元，不包括非經營業務撥備港幣109,000,000元。此業務之表現顯然難以接受，故本集團已採取即時及適當之措施以遏抑虧損。

展望

本集團將致力善用資源以及精簡運作，藉以達致成本效益之目標。本集團於二零零四年之首要任務是尋求重組本集團業務之方法，從而產生現金流量。

本集團將集中資源至中國之房地產發展業務。在專心致志於北京（蝶翠華庭）及大連（中山九號）之現有住宅項目及深圳與北京之商業園時，本集團將於中國經濟增長迅速之第二級城市如天津、瀋陽、南京及杭州尋求發展機會。由於中國物業發展競爭激烈，本集團當務之急乃建立本身之品牌，同時以優質而富創意之設計及高水平之物業管理，從而維持物業之資本價值。本集團旨在發展物超所值及與眾不同之項目，以吸引買家。

The existing loss-making Infocomm activities will be critically assessed so as to improve their performance. Where it is commercially appropriate, activities may be restructured, ceased or divested. We intend to complete this review and its implementation by July 2004.

Most importantly, we are collaborating with our two major shareholders, Fraser and Neave and Ascendas to tap into a wide range of business and investment opportunities in China, including fee-generating ones. With the combination of their strengths and expertise in areas such as business park management, residential property development, shopping mall and serviced apartment management, we are confident of generating a proprietary deal-flow of business opportunities for the Group.

In addition, we are also seeking ways to expand our business co-operation with strategic partners such as Tsinghua University. With our joint venture in VIC progressing well, the Group is presently in discussion with the University to form and build a world-class pan-China platform to undertake fee-income property management of business parks and other real estate categories. We believe that such a venture holds much promise and will be a catalyst to upgrade property management in China to reach a new standard.

With China as the world's fastest growing economy, I believe the Group's focus there is the right strategy. We will continue to seek out new investment and business opportunities in China while progressing on our existing ones.

本集團將對現時產生虧損之資訊科技業務作出嚴格評估，藉此改善其表現。倘符合商業利益，業務或會重組、終止或減持。本集團擬於二零零四年七月完成此項檢討及施行有關計劃。

更為重要的是，本集團正與兩名主要股東花莎尼及騰飛合作，進軍中國不同類型之業務及投資機會，包括收費項目。透過結合彼等之優勢及於商業園管理、住宅物業發展、商場及旅館式公寓管理之經驗，本集團有信心可為集團帶來有關商機之獨有交易流程。

此外，本集團亦正尋求與清華大學等策略性夥伴拓展業務合作之途徑。鑑於本集團之合營企業在威新國際大廈之效果理想，本集團現與大學磋商成立及建立一個世界級之泛中國平台，以承辦商業園及其他房地產類別之收費物業管理。本集團相信，有關企業前景可觀，並可將中國物業管理之素質推向更高水平。

由於中國乃全球增長最迅速之經濟體系，故本人相信本集團集中國內市場乃正確策略。本集團將在發展現有項目之餘，並繼續於中國尋求新投資及業務機會。

Corporate Governance and Investor Relations

The Group is fully committed to maintaining good corporate governance and investor relations to safeguard the interests of the shareholders, lenders and other stakeholders. In this context, the Group will continue to embrace all best practices in corporate governance, particularly in relation to transparency, keeping shareholders fully informed through effective and timely communication and selecting an effective board with strong and wholly independent directors. We are also working to further strengthen the internal audit process and management control system.

Acknowledgement

I was pleased to accept appointment as Chairman of the Board in October 2003, succeeding Dr. Simon Jiang Xiaoming, who retired to pursue his personal interests. I record here my sincere appreciation of Dr. Jiang's many contributions and achievements over the past 3½ years. I wish Dr. Jiang success in his future endeavours. Likewise, I want to thank Mr. Michael Kuan Chao and Mr. Charles Chan Wing Ming, who retired from the Board in October 2003, for their past services and contributions to the Group.

Mr. Ang Ah Lay was re-designated from Managing Director to Chief Executive Officer of the Group in October 2003. I wish Mr. Ang success in his expanded role and hope that under his stewardship, the Group will deliver improved performance in 2004 and beyond.

To my fellow directors, I thank them for their untiring energy and hard work over the past year. Individually and collectively, their expertise is unmatched and I am confident that they will continue to make significant contributions to the Group's affairs in the future.

企業管治及與投資者之關係

本集團致力維持優質之企業管治及與投資者之良好關係，以保障股東、借款人及其他保管人之權益。就此而言，本集團將繼續諾守企業管治之一切最佳守則，特別是有關透明度之守則，藉以透過有效及適時之聯繫，且推選由有實力及完全獨立董事組成之董事局，使股東可以絕對知情。本集團亦致力進一步加強內部核數程序及管理控制系統。


鳴謝

本人很榮幸於二零零三年十月接受委任為董事局主席，接替因個人理由退休之蔣小明博士。本人謹此就蔣博士於過往三年半所作之貢獻及成就致以衷心謝意，並謹祝蔣博士前程似錦。另外，本人亦藉此多謝已於二零零三年十月辭任董事局之關新先生及陳永明先生，感謝彼等以往對本集團之服務及貢獻。

洪亞歷先生於二零零三年十月由本集團董事總經理調任為行政總裁。本人謹祝洪先生鵬程萬里，並冀在彼之領導下，本集團於二零零四年及以後均有理想之表現。

至於各董事，本人感謝彼等於往年所作出之不懈努力，而彼等個別及共同之專才更鮮為人及。因此，本人深信彼等日後仍會對本集團作出重大貢獻。

On behalf of the Board, I thank all our employees for their dedication and their understanding in making sacrifices during this difficult time as we take steps to secure the Group's long-term prospects. I look forward to their continued support. I must add my appreciation to our customers, bankers, business partners and shareholders for their trust and unstinting support.



Dr. Han Cheng Fong

Chairman

Hong Kong, 16 March 2004

本人謹代表董事局，就全體僱員在本集團實踐長遠目標之艱難時刻，就其奉獻及諒解而作出之犧牲，表示衷心感謝。本人並期待彼等繼續給予本集團支持。本人亦須藉此鳴謝本集團客戶、銀行、業務夥伴及股東之信任及無限支持。



韓禎豐博士

主席

香港，二零零四年三月十六日