

Results of 2004

Reflecting an improvement in the performance of its operations, the Group recorded significantly improved results in 2004. A profit attributable to shareholders of HK\$16 million was recorded compared to the loss of HK\$846 million in 2003. On a per share basis, the Group recorded a profit of HK0.58 cents in 2004 compared to the loss of HK29.8 cents in the preceding year. The operating profit (before non-operating provisions and finance costs) in 2004 amounted to HK\$31 million, which compared favourably to the loss of HK\$126 million incurred in 2003.

The vastly improved results for 2004 were due to the strong revenue earned from the sale of the Group's completed residential projects in China and, to a lesser extent, from the sale of the remaining apartments in Hong Kong at higher prices. The results also reflected the benefits realized from the steps taken to control costs tightly and to improve efficiency. Administrative expenses fell from HK\$47 million in 2003 to HK\$25 million in 2004. During the year under review, the Group continued with the restructuring and repositioning process, which caused the divestment of several non-core and non-performing assets and activities. Such disposals eliminated their recurring losses and high operating expenses.

Review of Overall Performance

Turnover for the year amounted to HK\$547 million compared to HK\$185 million realized in 2003. This almost three-fold increase of HK\$362 million was due principally to the revenue generated from the sale of apartments in the Group's two completed residential projects in China, namely, HK\$237 million realized from Scenic Place (phase 1) in Beijing and HK\$130 million from The Ninth ZhongShan in Dalian.

二零零四年業績

本集團二零零四年之業績錄得顯著改善，各業務表現均見改進。股東應佔溢利為港幣16,000,000元，而二零零三年則錄得虧損港幣846,000,000元。按每股計算，於二零零四年本集團錄得溢利港幣0.58仙，去年則為虧損港幣29.8仙。於二零零四年，經營溢利(扣除非經營業務撥備及財務成本前)達港幣31,000,000元，而二零零三年則產生虧損港幣126,000,000元。

二零零四年業績大幅改善乃由於出售本集團已落成之中國住宅項目取得龐大收益，其次歸因於以較高價格出售香港餘下之住宅所致。業績亦反映實施嚴格成本控制及改善效率所帶來之裨益。行政開支由二零零三年之港幣47,000,000元減少至二零零四年之港幣25,000,000元。於回顧年度內，本集團繼續重組及重新定位，減持若干非核心及表現欠佳資產與業務，以撇除經常性虧損及高昂之經營開支。

整體表現回顧

本年度之營業額為港幣547,000,000元，而二零零三年則為港幣185,000,000元。營業額上升約港幣362,000,000元，升幅近乎三倍，主要由於出售本集團於中國之兩個已落成住宅項目所產生之收益(北京蝶翠華庭(一期)為港幣237,000,000元及大連中山九號為港幣130,000,000元)所致。

The property development segment became an even more dominant component of the Group's turnover in 2004, accounting for 97%, up from 88% in 2003. This increase was caused by the decline in the turnover contributed by the Infocomm business, which were divested in June 2004.

The Group made provisions in the aggregate amount of HK\$8 million, of which HK\$3 million and HK\$5 million were provisions for operations and non-operating provisions respectively.

Provisions made for operations decreased from HK\$37 million in 2003 to HK\$3 million in 2004, a reduction of 92%. These provisions were made mainly for the operating losses incurred by the China operation of Infocomm Technology Group.

The non-operating provisions were made as a result of the impairment test carried out in accordance with the Group's accounting policy. One provision of HK\$4 million was to write down the value of the investment in a jointly controlled entity to its estimated recoverable amount.

Finance costs dropped considerably to HK\$7 million in 2004 from HK\$10 million in 2003 as a result of reductions in average bank and other borrowings, as well as an increase in the amount of capitalized interest expense for development projects. The repayments of bank and other borrowings were financed primarily by the proceeds realized from the sale of apartments in Hong Kong and China.

During the year, the Group divested some of its loss-making or non-core assets, which included the entire Infocomm business, a 25% effective interest in an electricity-generating plant in Wuhu, China and the commencement of the voluntary liquidation of the venture fund, Shenzhen Innovation Centre.

Final Dividend

The Board has resolved not to propose any final dividend for the year ended 31 December 2004 (2003: Nil).

於二零零四年，物業發展分部佔本集團營業額更主要之部份，由二零零三年之88%上升至97%。該增幅乃由於本集團在二零零四年六月減持對營業額貢獻減少之資訊科技業務所致。

本集團之撥備總額為港幣8,000,000元，其中港幣3,000,000元及港幣5,000,000元分別為經營業務撥備及非經營業務撥備。

就經營業務作出之撥備由二零零三年之港幣37,000,000元減少92%至二零零四年之港幣3,000,000元。該等撥備乃主要就資訊科技部之中國業務產生之經營虧損而作出。

就非經營業務作出之撥備因根據本集團會計政策進行減值測試之結果而作出。其中港幣4,000,000元之撥備乃用作沖減共同控制企業之投資價值至其估計可收回款額。

由於銀行及其他貸款平均減少，以及發展項目之資本化利息開支增加，財務成本由二零零三年之港幣10,000,000元顯著下跌至二零零四年之港幣7,000,000元。銀行及其他貸款之還款主要由出售香港及中國住宅單位所得款項撥付。

年內，本集團減持部份產生虧損或非核心資產，包括整個資訊科技業務、中國蕪湖發電廠25%實際權益，以及開始深圳創新科技園創業基金之自願性清盤。

末期股息

董事會建議不派付截至二零零四年十二月三十一日止年度之末期股息(二零零三年：無)。

Business Segments

Property Development

This segment contributed an overwhelming 97% (HK\$528 million) of the Group's 2004 turnover of HK\$547 million compared to 88% (HK\$162 million) of total turnover of HK\$185 million in 2003. On a project-by-project basis, Scenic Place (phase 1) contributed a turnover of HK\$317 million, The Ninth ZhongShan HK\$130 million and the Hong Kong projects (Harbourview Garden and Elite Court) HK\$67 million.

Business Park

Phase 1 of the Vision (Shenzhen) Business Park continued to provide a stable income stream to the Group, with a turnover contribution of HK\$13.5 million in 2004. In addition, Vision International Centre, which was completed in September 2004, generated a maiden income of HK\$1 million. A revaluation surplus of HK\$21 million was recorded from the completion of Vision International Centre. As a result, the Group wrote back HK\$19.5 million of provision for revaluation deficit during the year. Total contribution reported for the business park segment amounted to HK\$20 million.

Infocomm Technology

Despite intensive efforts in restructuring and consolidating the Infocomm business segment, it continued to be loss-making although at a reduced level. Following an in-depth review of the Infocomm business structure and operations, the Group concluded that it was in its best interests to divest of this segment and this was achieved on 30 June 2004. During the six-month period up to the cessation of business on 30 June 2004, the Infocomm business segment contributed HK\$5 million (first six months 2003: HK\$4 million) to the Group's turnover and suffered a loss of HK\$6 million (first six months 2003: HK\$11 million).

業務分部

物業發展

本分部為本集團二零零四年之營業額港幣547,000,000元大幅貢獻97% (港幣528,000,000元)，而於二零零三年則佔總營業額港幣185,000,000元之88% (港幣162,000,000元)。以項目為基準計算，蝶翠華庭（一期）貢獻營業額港幣317,000,000元，中山九號貢獻港幣130,000,000元，而香港項目（維景雅軒及雅賢軒）則貢獻港幣67,000,000元。

商業園

深圳威新軟件科技園一期繼續為本集團帶來穩定收入，於二零零四年之營業額貢獻為港幣13,500,000元。此外，威新國際大廈於二零零四年九月落成，首次帶來港幣1,000,000元之收入。威新國際大廈落成後錄得重估盈餘港幣21,000,000元。因此，本集團於年內回撥去年作出之重估虧絀撥備港幣19,500,000元。商業園分部錄得總貢獻為港幣20,000,000元。

資訊科技

雖然本集團致力重組及整合資訊科技業務分部，亦將虧損收窄，惟該業務仍持續產生虧損。經仔細檢討資訊科技業務之架構及運作後，本集團認為最有利之方案為減持該分部，並於二零零四年六月三十日落實。於截至二零零四年六月三十日業務終止前六個月期間，資訊科技業務分部為本集團營業額貢獻港幣5,000,000元（二零零三年首六個月：港幣4,000,000元），並錄得虧損港幣6,000,000元（二零零三年首六個月：港幣11,000,000元）。

Other Operations

Other operations of the Group included the non-core investment in the electricity-power plant in Wuhu, China. The Group entered into a sale and purchase agreement on 20 July 2004 to sell its entire interest for a cash consideration of RMB102.5 million (approximately HK\$96.7 million) in wholly-owned Hong Kong-incorporated Bohan Limited, which held the 25% effective interest in the said power plant. The sale was completed in August 2004 and the proceeds were used to repay borrowings.

Geographical Segments

China

Following the completion of construction, the 500 residential units sold in Scenic Place (phase 1) and 168 in The Ninth ZhongShan were recognized as revenue in 2004. As a result, turnover from China recorded a steep four-fold jump from HK\$102 million in 2003 to HK\$465 million in 2004.

Hong Kong

The revenue earned in 2004, comprised mainly the continued sale of apartments held in Hong Kong was HK\$82 million, about the same as the HK\$83 million earned in the preceding year. However, reflecting the revenue recognition during 2004 arising from the two completed projects in China, the proportion of the Group's turnover realized in Hong Kong fell from 45% to 15%.

Assets

The total value of the Group's assets fell by a marginal 8% during the year to HK\$1,539 million in December 2004. The reduction was due to the drop in the inventory of properties held for sale as well as the divestment of assets.

其他業務

本集團之其他業務包括非核心投資之中國蕪湖發電廠。本集團於二零零四年七月二十日訂立一項買賣協議，出售其於香港註冊成立之全資擁有公司保衡有限公司之所有權益，現金代價為人民幣102,500,000元（約港幣96,700,000元）。保衡有限公司持有上述發電廠之25%實際權益。出售事項於二零零四年八月完成，而所得款項則用作償還借貸。

地區分部

中國

於建築工程落成後，蝶翠華庭（一期）出售之500個住宅單位及中山九號出售之168個住宅單位獲確認為二零零四年之收益。因此，來自國內業務之營業額由二零零三年之港幣102,000,000元躍升四倍至二零零四年之港幣465,000,000元。

香港

於二零零四年之收益主要包括持續出售於香港之住宅錄得港幣82,000,000元之收益，與去年港幣83,000,000元大致相若。然而，由於在二零零四年因兩項已落成之中國項目而確認收益，於香港產生之營業額佔本集團營業額之比例由45%縮減至15%。

資產

年內，本集團之資產總值輕微下跌8%至二零零四年十二月之港幣1,539,000,000元。跌幅乃由於待出售之物業存量下跌以及減持資產所致。

Notwithstanding that the completion of Vision International Centre in September 2004 increased the gross asset of the business park segment by 48% from HK\$364 million in 2003 to HK\$539 million in 2004, the total value of assets held under the property development segment fell from HK\$1,019 million in 2003 (or 61% of the Group's total assets) to HK\$862 million in 2004 (or 56% of the Group's total assets). The reduction was due mainly to the decline in the Group's inventory of properties held for sale. The assets held by the other businesses amounted to HK\$138 million, which constituted 9% of the Group's total assets in December 2004.

The value of assets held in China fell to HK\$1,382 million in December 2004 (representing 90% of the Group's total assets of HK\$1,539 million), from HK\$1,432 million (representing 86% of the Group's total assets of HK\$1,673 million) as at December 2003 due to the decline of inventory of properties held for sale in the completed residential projects.

Shareholders' Funds

The Group's total shareholders' funds increased slightly from HK\$701 million as at 31 December 2003 to HK\$721 million as at 31 December 2004 due to the profit realized during the year. On a per-share basis, the consolidated net asset value of the Group as at 31 December 2004 was HK25.4 cents, compared to HK24.7 cents as at 31 December 2003. The total shareholders' funds were 47% of the total assets of HK\$1,539 million as at 31 December 2004.

雖然威新國際大廈於二零零四年九月落成後，使商業園分部之總資產由二零零三年之港幣364,000,000元增加48%至二零零四年之港幣539,000,000元，惟物業發展分部所持之資產總值由二零零三年之港幣1,019,000,000元（或本集團總資產之61%）跌至二零零四年之港幣862,000,000元（或本集團之總資產之56%）。該減幅主要由於本集團持作銷售之物業存量下跌所致。其他業務持有之資產達港幣138,000,000元，於二零零四年十二月佔本集團總資產之9%。

所持有之中國資產價值由二零零三年十二月之港幣1,432,000,000元（佔本集團總資產港幣1,673,000,000元之86%）下跌至二零零四年十二月之港幣1,382,000,000元（佔本集團總資產港幣1,539,000,000元之90%），此乃由於已落成住宅項目中待出售之物業存量減少所致。

股東基金

本集團之股東基金總額由二零零三年十二月三十一日之港幣701,000,000元輕微上升至二零零四年十二月三十一日之港幣721,000,000元，此乃由於年內產生溢利所致。按每股計算，本集團於二零零四年十二月三十一日之綜合資產淨值為港幣25.4仙，而二零零三年十二月三十一日則為港幣24.7仙。於二零零四年十二月三十一日，股東基金總額佔總資產港幣1,539,000,000元之47%。

Financial Resources, Liquidity and Capital Structure

Liquidity and Capital Resources

During the year under review, the Group's total borrowings decreased by 4% from HK\$552 million as at 31 December 2003 to HK\$532 million as at 31 December 2004 while net debt (measured by total bank borrowings minus cash and bank deposits) decreased slightly to HK\$277 million from HK\$281 million as at 31 December 2003. With the completion of the construction of the Scenic Place (phase 1) and The Ninth ZhongShan projects and occupation permits received in 2004, the Group had no major outstanding capital commitments as at 31 December 2004.

The repayment of borrowings during the year caused the gearing ratio to drop to 74% as at 31 December 2004, from 79% as at 31 December 2003.

Short-term and Long-term Borrowings

The maturity profiles of the Group's bank and other borrowings outstanding as at 31 December 2004 and 31 December 2003 are summarized as follows:

	31 December 2004		31 December 2003	
	二零零四年 十二月三十一日		二零零三年 十二月三十一日	
	HK\$ million	%	HK\$ million	%
	港幣百萬元	百分比	港幣百萬元	百分比
Within one year	400	75%	474	86%
In the second year	–	–	78	14%
In the third to fifth year	132	25%	–	–
Total	532	100%	552	100%

During the year under review, the Group obtained a long-term loan facility to partially finance the development of Vision International Centre, which was completed in 2004.

財務資源、流動資金及資本架構

流動資金及資本資源

於回顧年內，本集團之貸款總額由二零零三年十二月三十一日之港幣552,000,000元減少4%至二零零四年十二月三十一日之港幣532,000,000元，而債務淨額（以銀行貸款總額減現金及銀行存款計算）則由二零零三年十二月三十一日之港幣281,000,000元輕微下跌至港幣277,000,000元。於蝶翠華庭（一期）及中山九號項目竣工後，並於二零零四年取得入住許可證，本集團於二零零四年十二月三十一日並無未償付之重大資本承擔。

年內償還貸款使資產負債比率由二零零三年十二月三十一日之79%下跌至二零零四年十二月三十一日之74%。

短期及長期貸款

本集團於二零零四年十二月三十一日及二零零三年十二月三十一日之未償還銀行及其他貸款還款期情況概述如下：

一年內
第二年內
第三至第五年內
總額

於回顧年度內，本集團獲得一項長期貸款額度作為發展威新國際大廈（於二零零四年已完成）之部份融資。

Financial Management

Foreign Currency Risk

The Group did not use any financial instrument to hedge foreign currency risk. Instead, the Group maintained a balanced match of renminbi financing in its mainland projects where cashflows were denominated in that currency to mitigate currency risk.

The denomination of the Group's bank and other borrowings outstanding as at 31 December 2004 and 31 December 2003 are summarized as follows:

	31 December 2004		31 December 2003	
	二零零四年 十二月三十一日	%	二零零三年 十二月三十一日	%
	HK\$ million 港幣百萬元	% 百分比	HK\$ million 港幣百萬元	% 百分比
In HK\$	198	37%	167	30%
In RMB	334	63%	385	70%
Total	532	100%	552	100%

Interest Rate Risk

The Group was exposed to changes in interest rate fluctuations to the extent that they affected the cost of funds for floating rate borrowings. As at 31 December 2004, about 37% of the Group's total borrowings were on a floating rate basis whilst the remaining 63% were fixed rate borrowings. In comparison, 30% of the borrowings were on floating rate and 70% on fixed rate as at 31 December 2003. The Group would continue to maintain a mixture of floating rate and fixed rate borrowings and take action to hedge against any foreseeable interest rate exposure, if necessary.

財務管理

外匯風險

本集團並無使用任何財務工具對沖外匯風險。惟本集團已維持均衡之人民幣融資，以減輕在以該貨幣為主要現金流量之中國項目之潛在風險。

本集團於二零零四年十二月三十一日及二零零三年十二月三十一日尚未償還之銀行及其他貸款按記賬貨幣分類概述如下：

港幣
人民幣
總額

利率風險

本集團面對之利率波動變動，限於浮動利率貸款對資金成本之影響。於二零零四年十二月三十一日，本集團貸款總額當中，約37%以浮動利率計息，其餘63%為定息貸款。相比之下，於二零零三年十二月三十一日，本集團貸款當中之30%為浮息貸款，另外70%則為定息貸款。本集團將繼續維持浮息貸款及定息貸款之借貸組合，並在有需要時採取必要措施對沖任何可預見之利率波動風險。

Pledge of Assets

The Group's bank loans, overdrafts and other loans were secured by certain investment properties, completed properties held for sale and those under development with carrying values of HK\$813 million (2003: HK\$753 million) and cash deposits of HK\$106 million (2003: HK\$153 million).

Contingent Liabilities

As at 31 December 2004, the Company issued guarantees to the extent of HK\$358 million (2003: HK\$329 million) of which HK\$324 million (2003: HK\$320 million) was utilized in respect of bank and other borrowings granted to its subsidiaries.

Disposal of interests in subsidiaries and a jointly controlled entity

On 5 June 2004, the Group entered into a preliminary agreement to sell at a cash consideration of RMB102.5 million (approximately HK\$96.7 million) its 100% interest in Bohan Limited ("Bohan") which indirectly held the 25% interest in the electricity-power plant in Wuhu, China. On 20 July 2004, a sale and purchase agreement was entered into subsequently for the disposal of Bohan.

On 30 June 2004, the Group entered into various sale and purchase agreements to sell Nova Network Holdings Limited ("Nova"), CC-Edu Holdings Limited ("CC-Edu") and Campusall Company Limited ("Campusall"). Nova, CC-Edu and Campusall together constituted the entire range of the Infocomm business and their sale represented the Group's divestment of this loss-making activity.

資產抵押

本集團之銀行貸款、透支及其他貸款乃以賬面值為港幣813,000,000元(二零零三年：港幣753,000,000元)之若干投資物業、待出售之已落成物業及發展中物業，以及港幣106,000,000元(二零零三年：港幣153,000,000元)之現金存款作抵押。

或然負債

於二零零四年十二月三十一日，本公司所作出之擔保合共港幣358,000,000元(二零零三年：港幣329,000,000元)，其中就授予附屬公司之銀行及其他貸款已動用港幣324,000,000元(二零零三年：港幣320,000,000元)。

出售附屬公司及共同控制企業之權益

於二零零四年六月五日，本集團訂立一項初步協議，以人民幣102,500,000元(約港幣96,700,000元)之現金代價出售間接持有一座於中國蕪湖之發電廠25%權益之保衡有限公司(「保衡」)100%權益。本集團其後就出售保衡已於二零零四年七月二十日訂立一項買賣協議。

於二零零四年六月三十日，本集團訂立若干買賣協議，出售Nova Network Holdings Limited(「Nova」)、CC-Edu Holdings Limited(「CC-Edu」)及全校網有限公司(「全校網」)。Nova、CC-Edu及全校網共同組成資訊科技分部之所有業務範疇，將上述公司出售反映本集團減持該項產生虧損之業務。