

CHAIRMAN'S STATEMENT 主席報告書



Mr Wang Mingquan, Chairman
主席·王明權先生

RESULTS

The Group reported a consolidated net loss attributable to shareholders of \$1.152 billion for the year ended 31st December, 2000 mainly due to provisions made for a number of assets in China and possible losses that may be incurred in construction projects. This compares with a loss of \$1.213 billion for the previous year. The Directors are not recommending any payment of dividends.

The Group's construction business suffered a setback due to liquidity problems and the revenue from construction contracts reduced to \$1.867 billion for the year from \$2.961 billion for the previous year. Loss from operations for the year was \$313.7 million compared to \$336.0 million for the previous year. Share of losses, property provision, and revaluation deficits of associates and provisioning totalled \$451.6 million compared to \$531.6 million for the previous year due mainly to the poor PRC property market. Share of losses of jointly controlled entities increased to \$112.8 million from \$41.3 million resulting from losses on construction projects.

業績

由於為多項位於中國的資產及建築項目可能引致的虧損作出撥備，本集團於截至二零零零年十二月三十一日止年度的股東應佔綜合虧損淨額為**11.52億元**，而去年的虧損則為**12.13億元**。因此，董事建議不派發股息。

集團因為資金周轉困難，建築業務遂遭受影響。建築合約的收入由去年度的**29.61億元**下跌至本年度的**18.67億元**。本年度的經營虧損為**313,700,000元**，而去年度則為**336,000,000元**。本集團應佔聯營公司的虧損、物業撥備、重估虧絀以及壞賬撥備共**451,600,000元**，去年同期則為**531,600,000元**，其主要原因為中國物業市場表現疲弱。本集團應佔合營公司虧損由去年度的**41,300,000元**增至**112,800,000元**，這主要是來自建築工程的虧損。



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

The Group has since 1998 embarked on a business restructuring to focus on its core construction business and the disposal of non-core assets, one of which is a large investment in the Yangpu power plant in Hainan province, the sale negotiation of which has been protracted. During the later part of last year, a number of the Group's construction projects also experienced delay due to non-payment to sub-contractors resulting in possible losses. The Directors considered it prudent and have made adequate provisions in the accounts to cover for all possible losses.

As a result of its liquidity problems, the Group has appointed a financial adviser to begin financial restructuring as the best possible way to protect shareholder value. On 29th November, 2000, KPMG Financial Advisory Services was appointed to review the Group's financial and trading position and assist in negotiations for a standstill arrangement with its banks in Hong Kong and note-holding creditors. The Group at present has an aggregate indebtedness of approximately \$1.74 billion to its bank creditors in Hong Kong. It also has the floating rate notes ("FRNs") amounting to US\$37 million due for repayment on 11th December, 2000 but have not been repaid. The Group is in discussions with both bank creditors in Hong Kong and FRN holders on a new repayment schedule of debts owing to each of them.

CONSTRUCTION

The Group had in hand contracts valued at \$9.0 billion at the end of April 2001. They included two government contracts for the construction of five schools in the territory, one government joint venture contract for Penny's Bay reclamation stage I, three West Rail projects, the widening of Tolo Highway, improvement works at Tuen Mun Wong Chu Road, design and construction of Shatin Government Offices, Polytechnic University phase VI development, residential development at 41C Stubbs Road, construction of Science Park Phase 1A at Pak Shek Kok, the Qingzhou Min River Bridge in Fuzhou, Shanghai Expo Centre, Shanghai Outer Ring Tunnel project, and a Chinese government joint venture contract for main construction of the National Grand Theatre in Beijing. The Directors are confident all the projects will be completed despite the Group's liquidity problems. Provisions have been made for those where losses may be incurred due to delays.

集團由一九九八年起實行重組業務：突出建築主業；同時積極出售非核心資產，其中之一為位於海南省洋浦發電廠的大規模投資項目。出售洋浦發電廠的商議曾被拖延。在去年的後期，由於本集團沒有繳付分包商的工程款，引致本集團的數個建築工程延遲及有可能出現虧損，故董事認為在賬目作出撥備作為包括所有潛在損失的準備乃審慎之舉。

由於出現資金問題，本集團已委任獨立財務顧問著手重組財務工作，以作為保障股東利益的最佳可行辦法。二零零零年十一月二十九日，集團委任畢馬威財務諮詢服務審閱集團的財務及貿易狀況，並協助集團與香港銀行及票據債權人商議暫緩還款安排。集團目前尚欠香港銀行債權人的負債總額約為**17.4**億元，另有原須於二零零零年十二月十一日償還但目前尚未償還為數**37,000,000**美元的浮息票據。集團仍在與香港銀行債權人及浮息票據持有人討論償還欠彼等各債項之新時間表。

建築

集團於二零零一年四月底手頭合約總值達**90**億元。該等合約包括於本港興建五所學校的兩項政府合約、一項竹篙灣第一期填海工程的政府合營合約、三項西鐵工程、吐露港公路擴闊工程、屯門黃珠路道路改善工程、沙田政府合署的設計與建造、理工大學第六期發展、司徒拔道四十一號C住宅項目發展、白石角的科學園第一期A的工程、位於福州的青州閩江橋的建設、上海新國際博覽中心、上海越江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。董事有信心集團在面對資金問題的情況下仍能完成所有項目。至於可能因延誤而引致虧損的項目已作出撥備。

CHAIRMAN'S STATEMENT *(continued)*

主席報告書 (續)

PROPERTY

The Group has interests in first class commercial and residential developments in Shenzhen, Guangzhou, Haikou, and Beijing. Though market conditions improved in the second half of last year, sales and rental income were still less than expected during the year. Revenue from rental income and sale of properties reduced from \$43.7 million during the previous year to \$25.1 million for the year ended 31st December, 2000. The Group remains optimistic that China's eventual admission to WTO will stimulate the lackluster property markets.

In view of the uncertain prospects for new property developments in southern China, the Group made provisions for the diminution in value of properties in China following declining prices in the respective local markets. These PRC property assets include properties held by the associates.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's borrowings at the balance sheet date comprised Hong Kong and PRC bank loans of \$2.25 billion and the FRNs of US\$37 million. As the Group and the Company were in default of all these borrowings at the balance sheet date, 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 13.0%, RMB borrowings of 9.0% and Japanese Yen borrowings of 4.3% approximately of the total borrowings. The Group had pledged deposits of \$246.1 million and cash and cash equivalents of \$69.8 million at the balance sheet date. The Group has not used financial instruments for currency hedging purposes.

地產物業

集團於深圳、廣州、海口及北京都持有一級商業與住宅發展項目，下半年來市況雖然回升，但本年度的銷售額及租金收入仍較預期為低。出租及出售物業的收入由去年度的**43,700,000**元下降至截至二零零零年十二月三十一日止年度的**25,100,000**元。集團對中國最終加入世界貿易組織將刺激疲弱物業市場仍抱著樂觀態度。

鑑於華南地區新地產物業前景未明，以及集團物業之所在地區物業市價下跌的關係，本集團遂對國內物業作出減值撥備。這些國內物業資產包括聯營公司持有的物業。

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銀行貸款**22.5**億元及浮息票據**37,000,000**美元。由於本集團及本公司於結算日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。

上述所有借貸均於各定息日按參考市場利率釐定不同息率期由一個月至一年不等之固定息率加差距計算利息。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**13.0%**、人民幣借貸約佔**9.0%**及日圓借貸約佔**4.3%**。於結算日，本集團已抵押存款**246,100,000**元及現金和現金等價物**69,800,000**元。本集團並無利用金融工具作貨幣對沖用途。



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

DETAILS OF CHARGES ON GROUP ASSETS

As at the balance sheet date, the Group had the following assets charged against bank borrowings:

集團資產抵押詳情

於結算日，本集團為銀行借貸作出下列資產抵押：

		Value at 31.12.2000 於二零零零年 十二月三十一日 之價值 \$ million 百萬元	Contract Sum 合約金額 \$ million 百萬元
Cash deposits	現金存款	175.0	-
Office floors in Hong Kong	香港辦公室物業	52.0	-
Office floors in Shenzhen	深圳辦公室物業	234.0	-
Receivables of construction contracts in Hong Kong	香港建築合約的 應收工程款	-	6,611.0
Total value	總價值	<u>461.0</u>	<u>6,611.0</u>
Secured bank loans	有抵押銀行貸款	<u>552.3</u>	<u>538.9#</u>

In addition to the receivables of construction contracts in Hong Kong, cash deposits of \$53.9 million were pledged as securities.

除了香港建築合約應收工程款外，53,900,000元現金存款亦作資產抵押。

GEARING RATIO

The Borrowings to Equity Ratio of the Group as at 31st December, 2000 amounted to 106.2% (1999: 70.6%), being the ratio of "total bank borrowings and the FRNs less cash and cash equivalents and pledged deposits" divided by "shareholders' equity".

資本負債比率

本集團於二零零零年十二月三十一日之借貸對權益比率為**106.2%**（一九九九年：**70.6%**），該比率之計算方法為將「銀行借貸及浮息票據總額減現金和現金等價物及已抵押存款」除以「股東權益」。

CHAIRMAN'S STATEMENT *(continued)*

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EMPLOYEES

At the end of 2000, there were a total of approximately 441 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 year end bonus and participation in the share option scheme of the Group.

OUTLOOK

Since last November, the Group has concentrated its efforts on implementing a financial restructuring plan to resolve liquidity problems. On 4th May, 2001 the Company has signed a "Buy-out, Repayment and Release Deed" with a group of banks whose lending to the Company were secured by the Company's construction contracts. The Release Deed enabled the Company to have direct access to progress monies received from all construction contracts. The Group is currently negotiating with its banks in Hong Kong and the FRN holders for a formal standstill agreement to be signed. The formal standstill, if successfully agreed, will allow a period of time (tentatively up to 15th January, 2002) for the Company to negotiate and agree with the participating banks and FRN holders on a financial restructure plan. The plan will set out terms of repayment and interest rates for the loans under restructure. The Group will then be able to refocus its efforts and resources back to its core business of construction. With its expertise and experience in the construction business, the Group is hopeful to regain its reputation in the construction industry.

僱員

於二零零零年底，集團合共約有441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。部份僱員更可獲年終花紅，並參與集團之購股權計劃。

展望

自去年十一月以來，集團已專注實行重組財務工作，以解決資金問題。二零零一年五月四日，本公司與借款予本公司而款項由本公司建築合約作抵押之多家銀行簽訂「全部購入、清償及解除契約」。該份解除契約讓公司得以直接收取所有建築合約之進度款項。集團現正與香港銀行及浮息票據持有人商議簽訂正式之暫緩還款協議。倘順利簽訂正式之暫緩還款協議，公司將有時間（限期暫擬為二零零二年一月十五日）與參與訂約之銀行及票據持有人磋商及議定財務重組計劃。該計劃將定出有關重組貸款之還款條款及利率。集團其後將得以重新集中力量及資源於核心建築業務。集團憑藉於建築業務之專業知識及經驗，可望於行內重振聲譽。