

Financial Review

The Group's financial situation has steadily improved as compared to last year. The Group's cash and bank balances as at 31 December 2001 amounted to HK\$48,433,000 (31 December 2000: HK\$25,622,000). The Group's total borrowings amounted to HK\$81,612,000 (31 December 2000: HK\$88,056,000), of which HK\$54,438,000 was repayable within 1 year and HK\$6,370,000 was repayable from 1 to 2 years and HK\$20,804,000 was repayable from 2 to 5 years.

The percentage of the Group's borrowings denominated in HK\$ and Vietnamese Dong ("VND") were 49 % and 51 % respectively. The proportion of borrowings in VND increased mainly due to the Group's strategy in hedging the exchange risk of VND and a reduction of HK\$ and US\$ debts of the Group. Of the total borrowings, about 51 % were at fixed interest rates. Most of the cash and cash equivalents held by the Group were in HK\$ or US\$.

The gearing ratio, expressed as the percentage of long-term debt to equity, was 3.2 % as at 31 December 2001 (31 December 2000: 3.2%). The gearing ratio of the Group has been kept in a low level.

Significant investments held

As at 31 December 2001, the Group still held approximately 40,400,000 shares of TCL International Holdings Ltd. representing a value of approximately HK\$52,520,000.

財務回顧

本集團之財務狀況對比上年度已逐漸獲得改善。本集團之現金及銀行結餘於二零零一年十二月三十一日止為48,433,000港元(於二零零零年十二月三十一日：25,622,000港元)。本集團之總借貸為81,612,000港元(於二零零零年十二月三十一日：88,056,000港元)，當中有54,438,000港元須於一年內付還，6,370,000港元須於一至兩年內付還及20,804,000港元須於兩至五年內付還。

本集團之借貸主要包括港幣和越南盾所佔比例分別為49%及51%。越南盾借貸比例之增加主要原因是本集團對沖越南盾外匯風險之策略及港元與美元負債之減少。總借貸中約51%為固定利率。本集團持有之現金及等同現金主要為港幣及美元。

於二零零一年十二月三十一日，資本負債比率(以長期債務和股本之百分比)為3.2%(於二零零零年十二月三十一日：3.2%)。本集團保持資本負債比率於低水平。

主要持有投資

於二零零一年十二月三十一日，本集團仍持有TCL國際控股有限公司股份約40,400,000股，相等於價值約52,520,000港元。

Material acquisitions and disposals

Apart from the disposal of shares in Huafa and the acquisition of the remaining 25% holding of the STC as mentioned in the section of "Business Review and Prospects", there was no other material acquisition or disposal in the course of the financial year.

Employees and Remuneration Policy

As at 31 December 2001, the Group had approximately 750 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK\$12,342,000 for the year ended 31 December 2001 (31 December 2000: HK\$12,190,000). A new share options scheme has been adopted by the Company to replace the old share options scheme on 4 April 2001 following the re-domicile of the Group. Those employees who had outstanding share options pursuant to the old scheme were granted the same amount of options under the new scheme. Apart from that, there was no significant change in the Group's remuneration policy.

Details of future plan for material investments

The Group planned to expand the production capacity of the cement plant to 800,000 tonnes per annum. It is expected that the full transformation of the existing production lines will be completed in 2003. The expected investment amount is about HK\$23,400,000 and shall be financed by local Vietnamese banks' borrowings. Besides, the Group has acquired 10% shareholding in Vigconic

重大收購及出售

除於“業務回顧及展望”項下所述之華發股份出售及收購剩餘25%西貢貿易中心之控股權外，本年度並無其他重大收購及出售。

僱員及薪酬政策

於二零零一年十二月三十一日，本集團總僱員數目約750人，大部份位於越南。於年內，總員工費用（不包括董事酬金）約12,342,000港元（於二零零零年十二月三十一日：12,190,000港元）。隨著本集團之遷冊，本公司於二零零一年四月四日採納了一份新認股期權計劃以取代舊有之認股期權計劃。於舊有認股期權計劃中仍持有未行使之認股期權者已獲發給新認股期權計劃中同等數量之認股期權。除此之外，本集團之薪酬政策並無重大變化。

未來重大投資計劃之詳情

本集團已計劃擴充水泥廠之生產量至每年800,000噸。整項現有生產線之擴充預期可於二零零三年完成。總投資額預計為23,400,000港元，並以越南當地銀行融資借貸。除此之外，本集團亦已於二零零二年一月三日收購了陸擎天先生作為大股東之一間生物科技公司—維康力(國際)有限公司之10%股權，總代價為28,610,250港元，並以本集團內部資源支付。生物科技工業乃屬於高增長但同時亦為高風險

International Co., Ltd., a biotechnology company in which Mr. Luk King Tin is the major shareholder on 3rd January 2002. The total consideration was HK\$28,610,250 and was financed by internal resources of the Group. The biotechnology industry is a high growth, but also high-risk business at the same time. The investment was seen as a venture capital nature and would be speculative. By investing a small percentage of shareholders' funds in the "new economies", the business portfolio of the Group can be more diversified. Furthermore, the Group is also looking for some investments with more stable income, such as investments in premium property located in metropolis with potential growth, so as to maximise the shareholders' return.

Details of charges

As at 31 December 2001, the Group pledged certain investment properties in Hong Kong with a total value of HK\$63,930,000 and certain fixed assets at a net book value of HK\$226,667,000 and certain floors of the Group's investment property situated in Vietnam (the carrying value of the whole block of property being HK\$312,000,000) to secure banking facilities.

Exposure to fluctuations in exchange rates and related hedges

The Group has exposed to the risk of exchange rate's fluctuation in Vietnamese Dong for its investments in Vietnam. The Vietnamese Dong to US\$ had a 3.9% devaluation as at 31 December 2001 when compared to that of the previous year, resulting in a foreign exchange loss of HK\$10,652,000 and an exchange difference on translation of the

之行業。該投資被視為風險投資形式及屬於投機性質。於「新經濟」中投入股東資金之小部份可令本集團之業務更為多元化。另外，本集團亦會尋找一些較有穩定收入之投資項目，例如在有發展潛質之大城市投資於較優質之物業，以盡量達致較高之股東回報。

抵押詳情

於二零零一年十二月三十一日止，若干位於香港之投資物業總值為63,930,000港元及若干固定資產帳面淨值為226,667,000港元及位於越南之投資物業之若干層數(整座大廈之市值為312,000,000港元)已按揭予銀行以獲取本集團之貸款。

匯率波動及有關對沖風險

本集團於越南之投資均面對外匯波動之風險。與去年比較，於二零零一年十二月三十一日越南盾相對美元已有3.9%之貶值，以導致本集團錄得10,652,000港元之外匯虧損及3,529,000港元因演譯外國附屬公司財務報表所帶來之外匯差距。因越南盾並非自由流通之貨幣，所以市場上缺乏對沖工具。為使其風險減至最低，水泥廠已盡量將其流動資金盈餘及

financial statements of foreign subsidiaries of HK\$3,529,000. As VND is a restricted currency and thus hedging instruments are in lack of. In order to minimize its exposure to the exchange risk, the cement plant will make use of its surplus cashflow and VND borrowings in local banks to repay loans currently denominated in foreign currency, especially the loan due to the parent company. Besides, most of the expenses of the cement plant and STC are to be kept in VND. Of all the leasing contracts of STC, 98% are denominated in USD. The Group will keep future leasing contracts denominated in USD in order to minimize its exposure to the devaluation risk of the VND.

Details of contingent liabilities

As disclosed in the interim report for the six months ended 2001 of the Group, a contingent liability of RMB30,000,000 was provided for a claim from the Proceedings in the court of Wuhan, the PRC. As a result of the withdrawal by the plaintiff of the Proceedings in November 2001, the provision for the contingent liability was no longer necessary. No provision for contingent liability of the Group was made as at 31 December 2001.

於當地銀行借貸越南盾以付還其目前之外幣借貸，特別是總公司之借貸。除此之外，水泥廠及西貢貿易中心大部份支出均以越南盾結算。西貢貿易中心之租賃合約中98%以美元結算。西貢貿易中心將會盡量保持其未來租賃合約以美元結算，藉以減低越南盾可能貶值所帶來之風險。

或然負債詳情

於截至二零零一年六月三十日止之中期報告內披露，本集團須為於中國武漢法院該訴訟之追討金額人民幣30,000,000作出一項或然負債準備。因該訴訟已於二零零一年十一月被訴訟人撤銷，該或然負債準備已不再須要。於二零零一年十二月三十一日並無任何或然負債之準備。