

CHAIRMAN'S STATEMENT 主席報告書

Over the past few years, the Group has experienced an unprecedented period of decline in its main areas of activity. During 2002, the greatest challenge to us has been the extended and pronounced correction of the property market in Hong Kong.

To overcome these difficulties, we have been constantly reviewing the market situation, our competitive edge and strategic direction. In May 2000, we decided to scale down the contracting business and believed we had made sufficient provisions in 2001. However, the market conditions for us to obtain final settlement of our contracting works have deteriorated rapidly since late 2002. Unexpected disputes involving substantial claims have arisen between the main contractors and the developers. Recovering the related outstanding debts has become an extremely lengthy and complicated task. As a result, we believe extra provisions are necessary to cover the increased risk associated with our down scaled contracting operations. Following our divestment in the technology sector, we have also decided to clear all the related investments from our balance sheet. The unfavorable effects of these events have been fully reflected in our 2002 operating loss.

On the positive side, we remain strong in our traditional trading business. We have focused on capturing a larger market share, both in Hong Kong and in the Mainland, by constantly striving to provide high value added content to our services and products. Our strengths and competitive edge are well supported by our dedicated staff, stringent cost control and streamlining measures. Despite the fragile economic environment, we have maintained a solid financial position with positive operating cash flow and zero bank borrowing at the year end.

Although there are signs of a modest economic recovery, we expect our Hong Kong operations will be under sustained pressure in 2003. However, we remain optimistic about the future based on our talented human resources and healthy financial fundamentals. We believe we have reinforced our leading position in Hong Kong and are well prepared to take advantage of the business opportunities in the Mainland during this post-WTO era.

過去數年，本集團主要業務活動經歷前所未有之跌盪期。於二零零二年，本集團所面對的最大挑戰為香港地產市道持續而明顯之調整。

為克服該等困難，本集團已不斷探討市場情況、本集團之競爭優勢及策略。於二零零零年五月，本集團決定縮減承建業務之規模，並相信本集團已於二零零一年作出足夠撥備。然而，市況自二零零二年後期起急劇惡化，致使本集團在結算承建工程尾期賬款方面出現困難。主承建商與發展商之間發生難以預計和涉及巨額索償之爭議。追收有關逾期欠款已成為極度費時及複雜之工作。因此，本集團相信須作出額外撥備，以保障本集團縮減承建業務時可能承受之附加風險。本集團因應退出科技業務投資後，亦決定撇除資產負債表中所有相關投資。本集團二零零二年之經營虧損已完全反映該等事項之負面影響。

在正面的情況方面，本集團仍保持其強健之傳統貿易業務。本集團憑著不斷致力提供高增值之服務及產品，專注於香港及內地獲取更大之市場佔有率。本集團之實力及競爭優勢有賴竭誠投入服務之員工、嚴謹之成本控制及精簡架構措施所支持。儘管經濟環境疲弱，本集團仍能維持穩健之財務狀況，保持正數之經營現金流量，且於年結時並無銀行借貸。

儘管經濟呈現溫和的復甦跡象，本集團預期香港業務將於二零零三年仍飽受嚴峻之壓力。然而，基於擁有卓越人材及穩健之財務基礎，本集團對未來仍保持樂觀態度。本集團相信已進一步鞏固其於香港之領導地位，並已作好一切準備，憑著中國加入世貿後湧現之商機而獲益。