

RESULTS

Turnover for the year ended 31st December, 2002 (the "Year") amounted to HK\$729.3 million, a 4.3% increase from the previous year. It was mainly due to full year rental of Lowu Commercial Plaza was taken in 2002 because of privatisation of formerly listed PRC property arm of the Group, Evergo China Holdings Limited in November 2001. Gross profit for the Year amounted to HK\$631.8 million, a 3.5% decrease as compared with last year. Loss for the Year was HK\$1,459.6 million as compared to HK\$535.8 million for the last year. The loss was mainly attributable to a provision of HK\$1,391.3 million for impairment loss recognised in respect of properties under development and a provision of HK\$156.4 million for development projects held through associates. Loss per share was 61.6 cents (2001: 22.5 cents).

Other operating income recorded an increase of 15.2% to HK\$47.0 million when compared with the last year. Administrative expenses increased by 36.5% to HK\$217.3 million as compared with last year.

DIVIDENDS

No interim dividend was declared for the year (2001: Nil). The Board does not recommend the payment of any final dividend for the year ended 31st December, 2002 (2001: Nil).

BUSINESS REVIEW

Amid the weak economic environment and an ample supply of office space in Hong Kong, the commercial leasing market experienced considerable pressure. Despite the slight downward adjustment in the overall rental rate in the soft rental market, the Group recorded a satisfactory increase of 2.3% in the gross rental income during the year 2002. The overall occupancy levels of Group's retail properties remained high during the year 2002. The increase was attributable to the direct rental income derived from the PRC investment property portfolio following the privatisation of Evergo China Holdings Limited, a previously listed vehicle of the Group's PRC properties, in late 2001.

On 11th February, 2003, the Company entered into an agreement with Chi Cheung Investment Company, Limited ("Chi Cheung") and Jumbo Legend Limited (a wholly owned subsidiary of Chi Cheung) for an exchange of certain properties between the Company and Chi Cheung with an aim to re-focus the property business of the Group and that of the Chi Cheung Group. The transaction constitutes a connected transaction of the Company and has been approved by its shareholders on 28th March, 2003.

業績

截至二零零二年十二月三十一日止年度（「本年度」）之營業額為729,300,000港元，較上年度增加4.3%，主要由於二零零一年十一月將本集團前中國物業上市公司Evergo China Holdings Limited私有化後於二零零二年接手之羅湖商業城提供全年租金收入所致。本年度之毛利為631,800,000港元，較上年度減少3.5%。本年度虧損為1,459,600,000港元，上年度則為535,800,000港元。虧損主要來自就發展中物業確認之減值虧損撥備1,391,300,000港元及透過聯營公司持有之發展項目撥備156,400,000港元。每股虧損為61.6仙（二零零一年：22.5仙）。

其他經營收入為47,000,000港元，較上年度增加15.2%。行政開支為217,300,000港元，較上年度增加36.5%。

股息

本年度並無宣派中期股息（二零零一年：無）。董事會建議不派發截至二零零二年十二月三十一日止年度之末期股息（二零零一年：無）。

業務回顧

經濟不景加上香港寫字樓供應充裕，商業租務市場承受頗大壓力。儘管租務市場疲弱令到整體租金水平輕微下調，本集團於二零零二年之總租金收入仍錄得2.3%之理想升幅。本集團零售物業於二零零二年之整體出租率保持高企。租金收入增加主要來自於二零零一年底將本集團之前中國物業上市公司Evergo China Holdings Limited私有化後，中國投資物業組合所錄得之直接租金收入。

於二零零三年二月十一日，本公司與至祥置業有限公司（「至祥」）及至祥之全資附屬公司Jumbo Legend Limited訂立協議，在本公司與至祥之間轉換若干物業，以調整本集團及至祥集團之地產業務之重心。有關交易構成本公司之關連交易，已於二零零三年三月二十八日獲股東批准。

Hong Kong Investment Properties

The overall occupancy levels remained high and rental levels were generally maintained.

The rental income generated from the Group's retail properties, which are located mainly in prime shopping areas, namely Causeway Bay, Wanchai, Tsim Sha Tsui and Mongkok, continued to be one of the main sources of income to the Group. The Group will continue to enhance the retail portfolio by proactive management and further strengthening the tenant mix through the introduction of new themes and refurbishment where appropriate.

Although the demand for office space remained weak, the Group has been able to secure the lease renewals of the majority of its existing tenants. As a result, the overall occupancy levels of the Group's office portfolio have dipped slightly in the year 2002. Harcourt House recorded an encouraging increment in its occupancy level from 91.61% to 96.46% over last year. However, there was a mild decline in the occupancy rates of Windsor House and MassMutual Tower for the year 2002 to 91.78% and 92.90% respectively, mainly due to the downsizing of office space by some of the tenants upon renewal, and the surrender of some of the leases upon expiry.

Sales activities for the Group's non-core investment properties remained low. The Group disposed of Yuen Long New Place and a number of floors of Chung Kiu Godown Building in August 2002. The Group intends to continue to divest its non-core investment properties when the opportunity arises.

In order to enhance its investment property portfolio, the Group contracted to acquire Tung Ying Building with gross floor area of about 389,629 square feet in December 2002 and the acquisition is expected to be completed in April 2003.

Hong Kong Development Properties

In general, the progresses of the Group's seven major development projects have been satisfactory and is on schedule.

In the Group's joint-venture redevelopment project with the Urban Renewal Authority at Tai Yuen Street/Wan Chai Road, the foundation work for Phase I is in progress and is scheduled for completion in the third quarter of 2003. Acceptance of the land premium was formally confirmed with the Lands Department in early March 2003. Upon completion, Phase 1 of the project will comprise three high-rise residential towers with about 652 residential units and gross floor area of about 510,000 square feet. It is planned that Phase 2 will comprise a high-rise office building with gross floor area of about 240,000 square feet. Phase 1 and Phase 2 are scheduled for completion in the third quarter of 2005 and 2008 respectively.

香港投資物業

整體出租率保持高企而租金水平大致得以維持。

本集團之零售物業主要位於銅鑼灣、灣仔、尖沙咀及旺角等購物旺區，所帶來之租金收入繼續是本集團主要收入來源之一。本集團將繼續實行積極管理及進一步加強商戶組合，透過引入新主題及進行適當之翻新，從而增強零售物業組合。

儘管寫字樓需求仍然疲弱，本集團能與其大部份現有租戶續租。因此，本集團寫字樓物業之整體出租率在二零零二年僅輕微下跌。夏慤大廈之出租率由去年 91.61% 增至本年度 96.46%，升幅令人鼓舞。然而，皇室大廈及美國萬通大廈在二零零二年之出租率分別輕微下調至 91.78% 及 92.90%，主要由於部份租戶在續租時縮減租用之寫字樓樓面及若干租戶於租約期滿後不再續約。

本集團非核心投資物業之出售情況仍然淡靜。本集團已於二零零二年八月出售元朗新地帶及中僑貨倉大廈若干樓層。本集團擬繼續於適當時機出售其非核心投資物業。

為增強投資物業組合，本集團於二零零二年十二月訂約購入東英大廈約 389,629 平方呎樓面面積，該項收購預期於二零零三年四月完成。

香港發展物業

整體上，本集團七個主要發展項目進度理想並按計劃進行。

本集團與市區重建局於太原街/灣仔道之合營重建項目之第一期地基工程正在進行，預計於二零零三年第三季完成。於二零零三年三月初與地政總署正式達成補地價協議。當落成後，該項目第一期將包括三幢高層住宅大廈，約有 652 個住宅單位，樓面面積約為 510,000 平方呎。按計劃第二期將包括一幢高層寫字樓大廈，樓面面積約為 240,000 平方呎。第一期及第二期預計分別於二零零五年第三季及二零零八年落成。

The superstructure construction for the development comprising around 107,600 square feet of residential space at Shiu Fai Terrace, Stubbs Road (50% interest) commenced in May 2002 and the whole project is scheduled for completion in the third quarter of 2003.

The planning application for minor relaxation of the site coverage and number of domestic storeys in the development comprising 87,780 square feet of residential space at 55 Conduit Road (70% interest) was approved by the Town Planning Board in August 2002. Site formation and foundation works commenced in February 2003 and the project is scheduled to be completed by 2005.

Superstructure works for the development comprising 4 luxury houses with gross floor area of approximately 13,600 square feet at 31 Barker Road at the Peak (100% interest) commenced in March 2002. Completion of the project is scheduled in mid 2003.

Foundation and substructure works for the development comprising approximately 45,564 square feet of residential space at Kau Pui Lung Road (100% interest) was completed in July 2002 as scheduled. Superstructure works commenced and the project is scheduled for completion in late 2003.

Site formation and foundation works for the development comprising around 904,000 square feet of residential space at King's Park, Kowloon (10% interest) were completed in October 2002 and the superstructure works have commenced. The whole development is scheduled for completion in mid 2004. Pre-sale consent for Block 1-3 has been issued in March 2003.

In March 2002, the Group participated with an interest of 33.33% in a consortium, which acquired a site for development of around 301,200 square feet of residential space at the junction of Cornwall Street and Tat Chee Avenue. The proposed development consists of 6 medium-rise residential towers with about 288 high-end residential units and 19 luxury villas and is scheduled for completion in 2005. Site formation and foundation works commenced in early 2003.

It is the intention of the Group to further expand its development portfolio with attractive return by acquiring quality and suitable sites in Hong Kong.

可供發展約 107,600 平方呎住宅面積之司徒拔道肇輝臺（50% 權益）之上蓋工程已於二零零二年五月展開，整個項目預計於二零零三年第三季落成。

可供發展 87,780 平方呎住宅面積之干德道 55 號項目（70% 權益）有關輕微放寬地盤覆蓋面積及住宅樓層之規劃申請已獲城市規劃委員會於二零零二年八月批准。地盤平整及地基工程已於二零零三年二月展開，該項目預計於二零零五年落成。

可供發展四座豪華洋房樓面面積約 13,600 平方呎之山頂白加道 31 號（100% 權益）之上蓋工程已於二零零二年三月展開。該項目預計於二零零三年中落成。

可供發展約 45,564 平方呎住宅面積之靠背壟道項目（100% 權益）之地基及下層結構工程如期於二零零二年七月完成。上蓋工程已經展開，而項目預計於二零零三年底落成。

可供發展約 904,000 平方呎住宅面積之九龍京士柏項目（10% 權益）之地盤平整及地基工程已於二零零二年十月完成，上蓋工程已經展開。整個項目預計於二零零四年中落成。1 至 3 座之預售同意書已於二零零三年三月發出。

於二零零二年三月，本集團參與一個佔 33.33% 權益之合營項目，購入歌和老街及達之路交界一幅可供發展約 301,200 平方呎住宅面積之地皮。擬發展之項目包括六幢提供約 288 個高檔住宅單位之住宅大廈及 19 座豪華別墅，預計於二零零五年落成。地盤平整及地基工程已於二零零三年初展開。

本集團之意向是透過在香港購入優質及合適之地皮，進一步擴大回報理想之項目組合。

PRC Properties

The Hong Kong New World Tower, Shanghai (34.65% interest) comprises approximately 1,470,000 square feet of office and retail space. The improvement works were completed in early 2003. Leasing activities are in progress and market response has been encouraging.

The Hilton Hotel, Beijing (50% interest) maintained an average occupancy rate of 80% and recorded a gross operating profit of HK\$48.8 million for the Year. Approval for the change of use and an increase in floor area of the adjoining multi-functional complex has been obtained. The complex is proposed to be redeveloped into a hotel extension with about 144 rooms and other ancillary hotel facilities. The Oriental Place in which the Group has a 50% interest and which is a 10-storey office building next to the Hilton Hotel, Beijing, currently has a 90% occupancy rate.

The Winson Plaza, Tianjin (50% interest) comprises a 26-storey residential tower and a 29-storey office tower with a total gross floor area of approximately 600,000 square feet. Approximately 88% of the units were sold, and 89% of the unsold units have been rented out while sales continue.

The joint venture company in which the Group has a 33.33% interest has evaluated and concluded that the re-development project of Lot E of Huangsha Station in Guangzhou was unfavourable, and has arranged a project termination. The Group has received its share of compensation from the PRC investment partner for the termination.

The Lowu Commercial Plaza, Shenzhen (100% interest), comprising 79 retail outlets with approximately 29,000 square feet, was fully let as of December 2002.

CORPORATE INFORMATION

A conditional voluntary cash offer (the "Offer") was made by BNP Paribas Peregrine Capital Limited on behalf of the Company to repurchase up to 211,000,000 shares of HK\$0.10 each in the capital of the Company (the "Shares") at an offer price of HK\$0.90 per Share on 9th September, 2002. The Offer was approved by the shareholders of the Company at the special general meeting on 16th October, 2002. As such the Offer had become unconditional on 16th October, 2002. On 6th November, 2002, the Company repurchased and cancelled 78,761,922 Shares at the consideration of HK\$0.90 per share.

中國物業

位於上海市之香港新世界大廈（34.65% 權益）包括約 1,470,000 平方呎寫字樓及零售面積。改善工程已於二零零三年年初完成。招租活動正在進行，市場反應令人鼓舞。

位於北京市之北京希爾頓酒店（50% 權益）在年內維持 80% 之平均出租率及錄得經營毛利 48,800,000 港元。接鄰之多用途中心有關更改用途及增加樓面之申請已獲批准。該中心擬重建為酒店之擴建部份，提供約 144 個房間及其他酒店配套設施。毗鄰北京希爾頓酒店，本集團擁有 50% 權益之 10 層高東方國際大廈目前之出租率為 90%。

位於天津市之華盛廣場（50% 權益）包括一幢 26 層高住宅大廈及一幢 29 層高寫字樓大廈，總樓面面積約 600,000 平方呎。約 88% 之單位已經售出，而未售之單位已租出 89%，推售活動繼續進行。

本集團擁有 33.33% 權益之合營公司已評估並認為廣州市黃沙站 E 地段之重建項目不適宜繼續，並已安排終止項目。本集團已獲中國投資夥伴就終止項目而給予之應佔賠償。

位於深圳市之羅湖商業城（100% 權益）包括面積約 29,000 平方呎之 79 個零售商舖，於二零零二年十二月全部租出。

公司資料

於二零零二年九月九日，由法國巴黎百富勤融資有限公司代表本公司提出購回本公司股本中最多達 211,000,000 股每股面值 0.10 港元之股份（「股份」）之有條件自願現金收購建議，收購價為每股 0.90 港元。收購建議於二零零二年十月十六日舉行之股東特別大會上獲本公司股東批准。因此收購建議已於二零零二年十月十六日成為無條件。於二零零二年十一月六日，本公司購回及註銷 78,761,922 股股份，代價為每股 0.90 港元。

CHAIRMAN'S STATEMENT 主席報告書

PROSPECT

It is expected that the property market would continue to be under pressure against a background of difficult economic conditions and uncertainties. However, the Directors believe that properties in prime and preferred locations would be relatively resistant to any further weakening of the property market. The Group will continue to look for investment opportunities in line with this view. Non-core assets will be divested and the Group will focus on properties with satisfactory yields and higher potential for capital growth.

APPRECIATION

I take this opportunity to thank our shareholders for their continued support and my fellow directors and our staff for their hard work throughout the year.

On behalf of the Board
Thomas Lau, Luen-hung
Chairman

Hong Kong, 17th April, 2003

展望

經濟不景加上前景不明朗，預期地產市場將會持續受壓。然而，董事相信位處黃金地段及位置優越之物業對地產市場進一步疲弱之抵抗力較強。本集團會繼續朝着這個方向尋求投資機會。非核心資產將會出售而本集團會着重回報理想及資本增值潛力優厚之物業。

致謝

本人謹藉此機會對年內股東從不間斷之支持與董事及本公司員工竭誠努力工作表示謝意。

代表董事會
主席
劉鑾鴻

香港，二零零三年四月十七日