

## CHAIRMAN'S STATEMENT

I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2003 to the shareholders.

## RESULTS

Loss attributable to shareholders for the year was HK\$0.2 million (2002: HK\$15.6 million). Loss per share for the year recorded at 0.22 cents (2002 (restated): 26.29 cents).

## DIVIDENDS

No interim dividend was declared for the year (2002: Nil). The Board did not recommend the payment of any final dividend for the year ended 31st December, 2003 (2002: Nil).

## BUSINESS REVIEW

Turnover for the year ended 31st December, 2003 amounted to HK\$0.9 million (2002: HK\$1.2 million), decreased by 25.7% from last year. The Group's turnover for last year was mainly derived from Arbuthnot Business Centre, which was disposed in May 2002 while the acquisition of investment and other properties under the Asset Transaction (as defined in the section headed "Corporate Restructuring"), completed in November 2003, could not have a significant contribution to the Group's rental income in the current year. For the month of December 2003, rental income derived from the properties of these newly acquired subsidiaries and associates were approximately HK\$0.7 million and HK\$0.8 million respectively. Rental income from properties resulted in a gross profit of HK\$0.8 million (2002: HK\$0.5 million).

Loss from operations for the year was HK\$1.1 million (2002: HK\$20.6 million), which comprised a loss of HK\$0.8 million on disposal of property at Panyu, the People's Republic of China (the "PRC"). Loss of last year was mainly attributable to the impairment loss recognised in respect of properties held for development of HK\$21.1 million while such provision was not required for the year. A write-back of allowance of HK\$1.2 million (2002: HK\$6 million) from an associate was also recorded in the current year.

## 主席報告書

本人欣然向股東呈報本公司及其附屬公司（「本集團」）截至二零零三年十二月三十一日止年度之業績。

## 業績

本年度之股東應佔虧損為 200,000 港元（二零零二年：15,600,000 港元）。本年度之每股虧損為 0.22 仙（二零零二年（重列）：26.29 仙）。

## 股息

本年度並無宣派中期股息（二零零二年：無）。董事會不建議派付截至二零零三年十二月三十一日止年度之任何末期股息（二零零二年：無）。

## 業務回顧

截至二零零三年十二月三十一日止年度之營業額為 900,000 港元（二零零二年：1,200,000 港元），較上年度減少 25.7%。本集團於上年度之營業額主要來自亞畢諾商業中心（已於二零零二年五月出售），而根據二零零三年十一月完成之資產交易（按「公司重組」一節所界定）收購之投資及其他物業對本集團於本年度之租金收入未能帶來重大貢獻。於二零零三年十二月，該等新購入之附屬公司及聯營公司之物業帶來之租金收入分別約為 700,000 港元及 800,000 港元。物業租金收入帶來之毛利為 800,000 港元（二零零二年：500,000 港元）。

本年度之經營虧損為 1,100,000 港元（二零零二年：20,600,000 港元），包括出售中華人民共和國（「中國」）番禺一項物業之虧損 800,000 港元。上年度之經營虧損主要與就持作發展物業確認減值虧損 21,100,000 港元有關，惟本年度毋須作出該等撥備。於本年度亦已撥回 1,200,000 港元（二零零二年：6,000,000 港元）之聯營公司欠款準備。

## CHAIRMAN'S STATEMENT

### PROPERTY REVIEW

During the year, the Group acquired certain properties under the Asset Transaction for development and investment purpose. As at the balance sheet date, the Group's major properties in Hong Kong and PRC are listed as below:

#### In Hong Kong

##### *Property Development*

No. 34 Hill Road, Western District – The property is a 7-storey composite building over 40 years old and is currently vacant. The site has an area of approximately 2,146 square feet and has been put on the market for sale.

Lot Nos. 2, 4, 7, 8 and 9 in DD 464, Clear Water Bay – The property comprises five contiguous agricultural lots with total registered site area of approximately 370,912 square feet. It was acquired under the Asset Transaction and pending for development.

Lot No. 453 in DD 401, Ma Yau Tong – The property comprises an agricultural lot with total registered site area of approximately 24,675 square feet. It was also acquired under the Asset Transaction and pending for development.

Development project of No. 255 Queen's Road Central (now named as Manhattan Avenue and formerly known as Hillier Property) – This property was sold to Chinese Estates Group under the Asset Transaction.

##### *Investment Properties*

Gemstar Tower, Hung Hom – The property is a 17-storey godown building. Under the Asset Transaction, the Group acquired 28 godown units on various floors and the roof with a total gross floor area of approximately 134,740 square feet and 35,339 square feet respectively. The Group also holds 50 car parking spaces including 2 container car parking spaces, 22 lorry parking spaces and 26 private car parking spaces. As of 31st December, 2003, the occupancy rate of godown stood high at 98% which provides a stable monthly rental income of approximately HK\$0.7 million to the Group.

Other small-sized investment properties acquired under the Asset Transaction are located at Mong Kok and Sha Tin also contributed some rental income to the Group. We also shared some profits from our newly acquired associates in connection with properties located at Tuen Mun, Kwun Tong and Tsim Sha Tsui.

## 主席報告書

### 物業回顧

年內，本集團根據資產交易收購若干物業以作發展及投資。於結算日，本集團在香港及中國之主要物業如下：

#### 香港

##### *物業發展*

西環山道34號 — 該物業為一幢七層高樓齡逾40年之綜合大廈，現時空置。該地盤面積約為2,146平方呎，已推出市場出售。

清水灣道丈量約份464號地段2、4、7、8及9號 — 該物業包括五幅相連農地，總登記地盤面積約為370,912平方呎。該物業乃根據資產交易購入，有待發展。

馬游塘丈量約份401號地段453號 — 該物業為一幅農地，總登記地盤面積約為24,675平方呎。該物業亦是根據資產交易購入，有待發展。

皇后大道中255號發展項目（現稱Manhattan Avenue，前稱禧利街物業） — 該物業已根據資產交易售予華人置業集團。

##### *投資物業*

紅磡駿昇中心 — 該物業為十七層高之貨倉大廈。根據資產交易，本集團購入位於多個樓層之28個貨倉單位及天台，總建築面積分別約為134,740平方呎及35,339平方呎。本集團亦持有50個停車位，包括2個貨櫃車車位、22個貨車車位及26個私家車車位。於二零零三年十二月三十一日，貨倉之出租率高達98%，為本集團每月提供約700,000港元之穩定租金收入。

根據資產交易所購入之其他位於旺角及沙田之小型投資物業亦為本集團帶來若干租金收入。我們亦從新購入之聯營公司獲取位於屯門、觀塘及尖沙咀物業之部份溢利。

## CHAIRMAN'S STATEMENT

### In PRC

#### *Property Development*

Chenghai Royal Garden, Shantou – The site is situated in the Longhu District, the outlet of the Xinjin River. The site area is about 5 million square feet. It is pending for future development.

Panyu Technology Park, Guangzhou – The property comprises a parcel of land with a site area of approximately 125,573 square feet. It was acquired under the Asset Transaction and was disposed in November 2003 for RMB3,149,820 (approximately HK\$3 million).

## CORPORATE RESTRUCTURING

#### *Asset Acquisition and Disposal*

On 11th February, 2003, the Company and Jumbo Legend Limited (“Jumbo Legend”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Chinese Estates relating to, among other things, the purchase of a group of wholly-owned subsidiaries of Chinese Estates, which hold direct or indirect interests in various properties, and the sale of Super Series Limited (“Super Series”), a wholly-owned subsidiary of the Company which holds 100% indirect interest in the development project of Manhattan Avenue (the “Asset Transaction”). The Asset Transaction was completed on 7th November, 2003 and resulted in the acquisition of 7 investment properties interests located at Hung Hom; Mong Kok; Sha Tin; Tuen Mun; Kwun Tong; Kwai Chung and Tsim Sha Tsui in Hong Kong and 6 other properties interests located at Clear Water Bay; Ma Yau Tong; Hung Hom in Hong Kong and Tianjin; Panyu; Shantou in PRC respectively.

#### *Issue of new shares*

Consideration of the asset acquisition is approximately HK\$605.4 million (the “CC Consideration”) and the consideration on disposal of Super Series is approximately HK\$103.9 million (the “C Consideration”). The CC Consideration was satisfied partly by set-off against the C Consideration and the balance of approximately HK\$501.5 million was satisfied by the allotment and issue of 222,879,881 shares of the Company (the “Consideration Shares”) at an agreed issue price of HK\$2.25 per share (the net asset value of the Company). The CC Consideration and the C Consideration, under the Asset Transaction, has been determined after arm's length negotiations between the Company, Jumbo Legend and Chinese Estates and between the Company and Chinese Estates respectively while the underlining properties have been valued on an open market value basis as at 30th November, 2002 by Norton Appraisals Limited, independent professional surveyors.

## 主席報告書

### 中國

#### *物業發展*

汕頭市澄海海麗花園 — 該地盤位於龍湖區新津河河口。地盤面積約為 5,000,000 平方呎，有待日後發展。

廣州市番禺科技城 — 該物業為一幅地盤面積約 125,573 平方呎之土地。該物業乃根據資產交易購入，已於二零零三年十一月以人民幣 3,149,820 元（約 3,000,000 港元）售出。

## 公司重組

#### *資產收購及出售*

於二零零三年二月十一日，本公司及本公司之全資附屬公司 Jumbo Legend Limited（「Jumbo Legend」）與華人置業就下列事項訂立一份買賣協議，其中包括購入直接或間接持有各項物業權益之華人置業一組全資附屬公司，及出售持有 Manhattan Avenue 發展項目之 100% 間接權益之本公司全資附屬公司 Super Series Limited（「Super Series」）（「資產交易」）。資產交易於二零零三年十一月七日完成，並因而分別收購位於香港紅磡、旺角、沙田、屯門、觀塘、葵涌及尖沙咀之七項投資物業權益，以及位於香港清水灣、馬游塘、紅磡及中國天津市、番禺市及汕頭市之六項其他物業權益。

#### *發行新股*

資產收購之代價約為 605,400,000 港元（「至祥代價」），而出售 Super Series 之代價約為 103,900,000 港元（「華置代價」）。至祥代價部份以華置代價抵銷，餘額約 501,500,000 港元以配發及發行 222,879,881 股本公司股份（「合併股份」）之方式支付，每股協定發行價為 2.25 港元（本公司之每股資產淨值）。資產交易當中之至祥代價由本公司、Jumbo Legend 與華人置業按公平原則磋商後釐定，而華置代價則由本公司與華人置業按公平原則磋商後釐定，有關物業由獨立專業測計師行普敦國際評估有限公司按二零零二年十一月三十日公開市值基準進行估值。

## CHAIRMAN'S STATEMENT

In order to maintain sufficient public float of the Company upon completion of the Asset Transaction, Chinese Estates had made a special dividend by way of distribution in specie of 62,989,870 shares (representing 22.3% of the issued shares of the Company) from the Consideration Shares to its shareholders other than major shareholders. As at the balance sheet date, Chinese Estates owned 73.59% equity interest in the Company.

### *Capital Reduction and Reserves*

Capital reorganisation of the Company was carried out, and became effective on 8th October, 2003, to facilitate the Asset Transaction. Upon effective of share consolidation and Capital Reduction (as defined in the section headed "Corporate Information" sub-section headed "Share Capital"), the issued share capital of the Company was reduced by HK\$296.5 million to HK\$0.6 million, of which HK\$245 million was applied to eliminate the accumulated losses of the Company while the balance of HK\$51.5 million was included in a special capital reserve account pursuant to an Order issued by the High Court of Hong Kong Special Administrative Region of the People's Republic of China (the "Court") dated 7th October, 2003. As at the balance sheet date, the share capital of the Company became HK\$2.8 million after the issue of HK\$2.2 million share capital upon completion of the Asset Transaction while the accumulated profits of the Company and the Group amounted to HK\$5.3 million and HK\$1.7 million respectively.

## CORPORATE INFORMATION

### *2003 Warrants*

The 2003 warrants expired at the close of business on 20th November, 2003 and 594,261,068 units of outstanding 2003 warrant lapsed upon expiry.

### *Share Capital*

The Company's share capital was restructured during the year. The authorised share capital was consolidated from HK\$500,000,000 divided into 5,000,000,000 ordinary shares of HK\$0.10 each to HK\$500,000,000 divided into 100,000,000 ordinary shares of HK\$5.00 each (of which 59,426,106 consolidated ordinary share capital had been issued and were fully paid). The authorised share capital of the Company was then reduced to HK\$1,000,000 divided into 100,000,000 ordinary shares of HK\$0.01 each (the "Capital Reduction"). Upon effective of the Capital Reduction, the authorised share capital of the Company was increased from HK\$1,000,000 to HK\$500,000,000 by the creation of an additional 49,900,000,000 shares of HK\$0.01 each ranking pari passu in all respects with the existing issued and unissued shares in the capital of the Company.

## 主席報告書

在資產交易完成後，為使本公司股份有足夠之公眾持有量，華人置業以實物分派方式從代價股份向並非主要股東之股東派發特別股息 62,989,870 股股份（佔本公司已發行股份 22.3%）。於結算日，華人置業擁有本公司 73.59% 股權。

### *削減股本及儲備*

為促使資產交易完成，本公司已進行股本重組並已於二零零三年十月八日完成。於股份合併及削減股本（按「公司資料」一節「股本」分節所界定）生效後，本公司之已發行股本由 296,500,000 港元削減至 600,000 港元，削減之股本其中 245,000,000 港元已用於撇銷本公司累積虧損，其餘 51,500,000 港元已遵照中華人民共和國香港特別行政區高等法院（「法院」）於二零零三年十月七日之命令撥入特別股本儲備賬。隨着資產交易完成而發行 2,200,000 港元之股本後，於結算日，本公司之股本為 2,800,000 港元，而本公司及本集團之累積溢利分別為 5,300,000 港元及 1,700,000 港元。

## 公司資料

### *二零零三年認股權證*

二零零三年認股權證於二零零三年十一月二十日營業時間結束時到期，而 594,261,068 份未行使之二零零三年認股權證於期滿後失效。

### *股本*

本公司之股本於年內重組。法定股本由 500,000,000 港元（分為 5,000,000,000 股每股面值 0.10 港元之普通股），合併為 500,000,000 港元（分為 100,000,000 股每股面值 5.00 港元之普通股，其中 59,426,106 股合併普通股本為已發行及繳足）。本公司之法定股本然後削減至 1,000,000 港元（分為 100,000,000 股每股面值 0.01 港元之普通股）（「削減股本」）。當削減股本生效後，本公司藉額外增設 49,900,000,000 股每股面值 0.01 港元之股份，將本公司之法定股本由 1,000,000 港元增至 500,000,000 港元，新增股份在各方面與本公司股本中之現有已發行及未發行股份享有同等權利。

## CHAIRMAN'S STATEMENT

Upon completion of the Asset Transaction on 7th November, 2003, 222,879,881 new shares of the Company were allotted to Billion Up Limited, a wholly owned subsidiary of Chinese Estates and the shareholders of Chinese Estates as directed by Chinese Estates, credited as fully paid.

## PROSPECTS

Hong Kong's economy experienced a difficult time because of the outbreak of the Severe Acute Respiration Syndrome ("SARS") in March 2003. However, market sentiment and consumers' confidence were recovered visibly towards the end of year 2003 after the signing of the Closer Economic Partnership Agreement with the PRC and the relaxation of travel restrictions by the PRC. Local economy became more active in the second half of 2003 and the Group remains optimistic about the economic recovery of Hong Kong.

The Group's property portfolio and capital position have been strengthened after completion of the Asset Transaction. The newly acquired properties would generate recurrent income and earnings of the Group would be secured. The Group aims to optimize rental incomes and property occupancies and will continue to look for new investment opportunities and prospect for growth. Looking forward, the Group is expected to be more flexible in its future business expansion and be in a better position to face the ever-changing economic environment.

## APPRECIATION

I would like to take this opportunity to thank the shareholders for their continuing support and all the staff for their dedication and hard work.

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

Hong Kong, 23rd March, 2004

## 主席報告書

於二零零三年十一月七日資產交易完成後，本公司按華人置業之指示向華人置業之全資附屬公司 Billion Up Limited 及華人置業之股東配發 222,879,881 股入賬列為繳足之新股。

## 展望

二零零三年三月爆發非典型肺炎（「SARS」）令香港經濟出現一段困難時期。然而，隨着香港與中國簽訂更緊密經貿關係及中國放寬旅遊限制，市場氣氛及消費信心在二零零三年下旬明顯地復甦。本地經濟活動在二零零三年下半年轉趨活躍。本集團對香港經濟復甦保持樂觀。

隨着資產交易完成，本集團之物業組合及資本狀況均有所增強。該等新收購之物業會帶來經常性收入，為本集團爭取盈利。本集團將致力提高租金收入及物業出租率，並繼續探求新投資機會及增長的商機。展望將來，預期本集團在日後業務擴展方面將更具靈活性，並具備更佳條件面對不斷轉變的經濟環境。

## 致謝

本人謹藉此機會對股東從不間斷之支持與全體員工竭誠努力工作表示謝意。

代表董事會  
主席  
劉鑾鴻

香港，二零零四年三月二十三日