

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析**RESULTS OF OPERATION**

The Group derived most of its profits from investments in debt securities and the Group's interests in Argyle Centre, a shopping mall in Mongkok.

FINANCIAL POSITION

During the six months ended 30th June, 2004, the Group retains a strong liquidity and financial position, with insignificant gearing.

OPERATION REVIEW

The Group's principal business is investment. It has a broad investment mandate and can make direct investment in enterprises and joint ventures, and invest in equity or debt securities in businesses, infrastructure projects and properties.

During the period, the Group's major investments were in international bonds, investment in Argyle Centre and the International Exhibition Centre at the Hong Kong International Airport.

HIGH YIELD BONDS

The Group had a portfolio of HK\$200 million high yield bonds denominated mainly in US\$, with some denominated in Euros and British Pounds. The risk of the portfolio as a whole based on our analysis is far lower than the individual bonds themselves. The bond portfolio provides a good recurrent income for the period under review, without exposing the Group to the full credit risk of the individual bonds.

SHOPPING MALL

Argyle Centre is a fully leased shopping mall located in a prime spot in Mongkok, the busiest shopping district in Kowloon. Satisfactory rental income benefited from low interest rates through a leveraged structure in an associated company.

During the period under review, the Group took advantage of the upswing of the property market and sold some of the retail shops in Argyle Centre.

The cashflow generated reduced a significant amount of debt.

經營業績

本集團之主要溢利來自債務證券之投資以及本集團於旺角中心(旺角區一個購物商場)之權益。

財政狀況

截至二零零四年六月三十日止六個月，本集團坐擁巨資，財政狀況穩健，負債相對資產而言僅屬輕微。

業務回顧

本集團之主要業務為投資，可廣泛進行投資，可直接投資於企業及合營企業，以及投資於企業之股票或債務證券、基建項目及物業。

本期間內，本集團之主要投資為環球債券、旺角中心之投資項目及位於香港國際機場之國際展覽中心。

高息債券

本集團擁有200,000,000港元之高息債券組合，其中以美元計值者為主，亦有部份以歐羅及英鎊計值。根據本集團之分析，組合之整體風險遠低於個別債券本身之風險。於回顧期間內，債券組合提供豐厚之定期收入，而毋須本集團面對個別債券之全部信貸風險。

商場

旺角中心乃一個位於旺角區之商場，座落於人流最旺之購物地帶，現已全部租出。此投資項目之租金收入令人滿意，而由於擁有該商場之聯營公司之資金部份來自銀行借款，因應利率向下調整而促使該項目回報有所提升。

於回顧期間內，本集團借助物業市場暢旺，售出旺角中心部份店舖。

所產生之現金流量大幅減少債務。

EXHIBITION CENTRE

In August 2003, the Group joined a private sector consortium (“JV”) to invest with the Hong Kong Government and the Airport Authority to develop and operate the Hong Kong International Exhibition Centre (“IEC”) at the Hong Kong International Airport. AsiaWorld-Expo was adopted as the trade name of the IEC.

On completion, AsiaWorld-Expo will have 66,000 sqm of exhibition space on one level, the largest column-free exhibition facility in Hong Kong. Soft opening is expected by the end of 2005. AsiaWorld-Expo has a capacity of expanding into a 100,000 sqm exhibition facility. As at 30th June, 2004, the Group had 37.85% interest in JV and has a right until 23rd August, 2004 to increase its interest in JV to 60% at cost from a connected person. That JV in turn will have approximately 13.5% interest in AsiaWorld-Expo on completion. As at 30th June, 2004, the Group had 40% interest in the operator of the IEC.

During the period under review, AsiaWorld-Expo secured significant bookings with deposits received from both local and overseas exhibition organizers, two years ahead of its scheduled opening in 2006. International Telecommunication Union’s (ITU) Telecom World annual convention, the world’s biggest telecom show, has selected AsiaWorld-Expo as the venue for 2006.

FOREIGN CURRENCY EXPOSURE

As at 30th June, 2004, most of the Group’s investments are based in Hong Kong dollar and United States dollar and are therefore not exposed to significant foreign currency risks. While the Group also invests in Euro and British Pound denominated bonds from time to time, and it is the Group’s normal practice to hedge the currency exposure of such bonds to an extent considered appropriate by the investment manager.

STAFF COSTS

The Group’s total staff costs for the period amounted to approximately HK\$160,000.

GUARANTEE

The Company has given a guarantee to a bank to secure the outstanding indebtedness due by an associated company holding the Argyle Centre, for an amount attributable to the

展覽中心

於二零零三年八月，本集團聯同一個私人財團（「合營企業」），隨同香港特別行政區政府及機場管理局投資發展及經營位於香港國際機場之香港國際展覽中心（「國際展覽中心」）。國際展覽中心所採納之名稱為亞洲國際博覽館。

落成時，亞洲國際博覽館將提供全層面積達66,000平方米之展覽場地，乃全港最大型之無柱位展覽設施，預期將於二零零五年底作試點開幕。亞洲國際博覽館更可擴展至成為面積達100,000平方米之展覽場地。於二零零四年六月三十日，本集團擁有該合營企業37.85%權益，而直至二零零四年八月二十三日止亦有權向一名關連人士支付所涉及之成本，以增加本集團於該合營企業之權益至60%。落成時，該合營企業將擁有亞洲國際博覽館13.5%權益。於二零零四年六月三十日，本集團擁有國際展覽中心營辦商之40%權益。

於回顧期間內，在預定開幕日期二零零六年前兩年，亞洲國際博覽館之訂場情況理想，訂金來自本地及海外展覽營辦商。全球最大之電訊展覽會國際電信聯盟（ITU）之世界電信展年會，已選定亞洲國際博覽館為二零零六年之舉辦場地。

外匯風險

於二零零四年六月三十日，本集團之大部份投資均以港元及美元定值，因而毋須面對重大外匯風險。本集團不時投資於以歐羅及英鎊計值之債券，而本集團一向亦對沖該等債券之貨幣風險至投資經理認為適當之水平。

員工成本

本集團於本期間之員工成本合共約160,000港元。

擔保

本公司就持有旺角中心之聯營公司所欠之未償還債項向一間銀行提供相當於本集團股本權益應佔數額之擔保。該聯營公司於二零零

Group's equity interests. The amount of outstanding indebtedness due by the associated company to this bank at 30th June, 2004 was approximately HK\$262 million (at 31st December, 2003 : approximately HK\$393 million).

The Company has given a guarantee to a financial institution to secure borrowing facilities available to a wholly-owned subsidiary in the amount not exceeding equivalent US\$15 million.

The outstanding indebtedness at 30th June, 2004 was approximately Euro 8.4 million (at 31st December, 2003 : Euro 7.4 million).

PROSPECTS

The Group is optimistic about the prospects of the bond portfolio, Argyle Centre and AsiaWorld-Expo.

Despite interest rates are on the up trend, high yield bonds are less susceptible to rising interest rates than investment grade bonds. The value of a high yield bond is mostly affected by events relevant to its issuer, which can be difficulties of refinancing, sale of assets, finalizing a litigation, settlement of claims, mergers and acquisitions, and clarification of accounting flaws. By maintaining a well diversified high yield bond portfolio, the company is enjoying a much enhanced return relative to risk.

The recovery of retail activities in Hong Kong and the property market is expected to continue to enhance the return and value of Argyle Centre. The new cycle of rental revision started in June with an upward trend.

The location of AsiaWorld-Expo next to the Hong Kong International Airport connects it to more than 140 cities worldwide on some 75 airlines. Visa-free entry to a majority of those cities makes AsiaWorld-Expo a competitive exhibition facility in the region. While Hong Kong already enjoys a leading position in exhibition business in the region, we believe AsiaWorld-Expo will complement Hong Kong's other exhibition facilities to continue its preeminence. This is evident with the bookings we presently have secured, which far exceeded the original estimates.

Subsequent to 30th June, 2004, the Group made a HK\$35 million investment in a convertible note issued by a Hong Kong airline, and will increase its investment in stages if the business of the airline progresses as planned.

四年六月三十日欠該銀行之未償還債項約為262,000,000港元(於二零零三年十二月三十一日:約為393,000,000港元)。

本公司為一間全資附屬公司所獲一間財務機構提供之不超過15,000,000美元之信貸額提供擔保。

於二零零四年六月三十日之未償還債項約為8,400,000歐羅(於二零零三年十二月三十一日:為7,400,000歐羅)。

前景

本集團對債券組合投資、旺角中心及亞洲國際博覽館之前景十分樂觀。

儘管利率逐步回升、高息債券較投資級別債券少受利率升勢之影響。高息債券之價值最可能受與其發行人相關之事項之影響，例如：發行人可能出現再籌資本困難、出售資產、即將了結訴訟、支付索償、進行合併與收購、以及澄清會計謬誤等。藉著一個分散妥善之高息債券組合，本公司得以享受遠較所承擔之風險為大之回報。

隨著本港零售業務好轉，加上物業市道復甦，預期有利提升旺角中心之回報及價值。於六月開始之新一期租金調整中已可見租金上揚。

毗鄰香港國際機場之亞洲國際博覽館更佔盡地利，藉著多達75家航空公司的眾多航線連接至全球超逾140個城市；加上本港為其中大部份城市提供免簽證入境安排，勢將令亞洲國際博覽館成為地區內具競爭力之展覽場地。目前，香港乃區內展覽業之翹楚，管理層相信亞洲國際博覽館將可與本港其他展覽設施相輔相承，從而令香港繼續保持其在展覽業之優勢。單從該博覽館目前已取得之訂場數字遠較原先所估計為高一事已可明證。

二零零四年六月三十日後，本集團投資35,000,000港元於由香港一間航空公司發行之可換股票據。倘若該航空公司之業務按原定計劃進行，本集團將分段增加於該公司之投資。