

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 September 2004, the Group recorded its turnover of approximately HK\$161,255,000 (Six months ended 30 September 2003: HK\$120,941,000) and achieved an unaudited consolidated net profit from ordinary activities attributable to shareholders of approximately HK\$25,013,000, representing an increase of about 271% as compared with the profit of approximately HK\$6,739,000 for the corresponding period last year. Earnings per share were HK2.9919 cents (Six months ended 30 September 2003: HK0.8106 cents).

The significant growth in the net profit was largely due to the stable profit generated from chartering and sub-chartering of two vessels named "Leisure World" and "Amusement World" (the "Vessels") and the share of profit of an associated company whose principal asset is the entire beneficial interest in the Vessels.

OPERATION

Vessel-chartering

For the period under review, the vessel-chartering division for the Vessels reported an increase in operating profit from HK\$11,103,000 for the six months ended 30 September 2003 to HK\$24,332,000 for the period. The increase was mainly due to the sub-charter charges for the first five years at progressive rate and no allowances granted to the sub-charterer following the adverse impact from SARS in the second quarter of 2003.

管理層討論與分析

業績

截至二零零四年九月三十日止六個月，本集團錄得營業額約為161,255,000港元（截至二零零三年九月三十日止六個月：120,941,000港元），而未經審核股東應佔日常業務綜合溢利淨額約為25,013,000港元，較去年同期錄得溢利約為6,739,000港元增長約271%。每股盈利為2.9919港仙（截至二零零三年九月三十日止六個月：0.8106港仙）。

溢利淨額錄得大幅增長主要乃源於租賃及分租兩艘名為「Leisure World」及「Amusement World」之遠洋郵輪（「郵輪」）所帶來之穩定溢利及攤佔一間聯營公司（其主要資產乃遠洋郵輪之全部實益權益）之溢利。

經營業務

船舶租賃

於回顧期間內，船舶租賃分部錄得經營溢利由截至二零零三年九月三十日止六個月之11,103,000港元增長至本期間24,332,000港元。此增長主要乃由於首五年之分租費用是按累進稅率計算及在二零零三年第二季度遭受非典型肺炎之不利影響後並無向分租商提供任何津貼所致。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OPERATION (continued)

Hotel Operation

For the hotel operation in Indonesia (the "Hotel"), there was an increase of its turnover from HK\$8,666,000 to HK\$9,953,000 when compared with that in the corresponding period last year. In order to attract more tourists and enhance its competitiveness in tourist industries in Asia, the Group is now refurbishing the Hotel's room and upgrading the Hotel's facilities. In the past few years, the Group's management focused on improvement of efficiency and profit margins of the Hotel by implementing a lean and mean operating structure. The management is optimistic towards the business prospects of the Hotel and is now placing the Hotel on the path to its profitability in the near future.

Property Investment

The average annual rental yield derived from investment properties was 5.1% (2003: 7.1%). The decline in the overall rental yield was due to the appreciation in the value of investment properties. Though the rental yield decreased, the upward trend in the local property market enabled the Group to generate a significant unrecognized capital gain which can compensate for the decrease in rental yield.

管理層討論與分析 (續)

經營業務 (續)

酒店業務

至於印尼之酒店業務(「酒店」)，於回顧期間內之營業額由去年同期8,666,000港元增加至9,953,000港元。為吸引更多旅客及加強其於亞洲地區旅遊業之競爭力，本集團現正就酒店客房進行翻新及更新酒店設施。於過去數年，本集團之管理層一直透過實施精簡營運架構而力求改進酒店效率及邊際利潤。管理層對酒店之業務前景表示樂觀，並預期酒店於可見將來可獲利。

物業投資

來自投資物業之每年平均租金回報率為5.1%(二零零三年：7.1%)。整體租金回報率下降乃由於投資物業之升值所致。儘管租金回報率下降，但處於回升勢頭之本地物業市場可為本集團帶來大量未確認資本收益，從而彌補租金回報率之下降。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OPERATION (continued)

With the implementation of the "Individual Visit Scheme" of Mainland China, the higher-than-expected prices on the land auctions, the end of deflation period in Hong Kong and the continuous low level of mortgage interest rate, it not only accelerated the growth of Hong Kong economy but also stimulated the spending momentum, which ultimately speeded up the recovery of retail, service and food & beverages industries and rebounded the retail property market. On 6 February 2004, the Group entered into a sale and purchase agreement to acquire six retail shops of Mandarin Plaza from a third party at the consideration of HK\$53,000,000. The acquisition was subject to its existing tenancy and was completed on 6 April 2004. On 14 July 2004, the Group entered into another sale and purchase agreement to acquire a retail shop at Portland Street from a third party at the consideration of HK\$21,800,000. The acquisition was subject to its existing tenancy and was completed on 14 September 2004. On 25 August 2004, the Group entered into the other sale and purchase agreement to acquire a retail shop at Shamshuipo from a third party at the consideration of HK\$19,380,000. The acquisition was subject to its existing tenancy and was completed on 29 October 2004. Given the gradual recovery of the economy in Hong Kong and the recent upward trend of the local property market, the directors deem the acquisitions as sound investment opportunities with a stable rental income source yielding from 6.3% to 7.1% based on the terms of the existing tenancy agreements.

Securities Trading

During the period under review, the Group recorded a turnover of approximately HK\$31,550,000 and a profit of approximately HK\$2,221,000 for the trading in marketable securities. In view of traders betting Yuan appreciation, a huge amount of overseas capital has liquidity inflow and stacked up in the Hong Kong stock market. Leveraging on low interest rate and a steady recovery of local economy, the Group continues to maintain an appropriate portfolio in marketable securities for the purpose of trading and capital gains.

管理層討論與分析 (續)

經營業務 (續)

隨著中國內地落實「自由行」、拍賣官地之價格較預期為高、香港通縮期結束及按揭息率持續處於低水平等多個因素，不但使香港經濟增長進一步加快，亦同時帶動公眾消費，並最終加快零售、服務及飲食業之復甦勢頭，以及使零售物業市場反彈。於二零零四年二月六日，本集團訂立一份買賣協議，以代價53,000,000港元向一第三方收購新文華中心六個零售商舖。該收購事項須受其現有租約所規限，並已於二零零四年四月六日完成。於二零零四年七月十四日，本集團訂立另一份買賣協議，以代價21,800,000港元向一第三方收購砵蘭街一家零售商舖。該收購事項須受其現有租約所規限，並已於二零零四年九月十四日完成。於二零零四年八月二十五日，本集團再次訂立一份買賣協議，以代價19,380,000港元向一第三方收購深水埗一家零售商舖。該收購事項須受其現有租約所規限，並已於二零零四年十月二十九日完成。鑑於香港經濟逐漸復甦，而本地物業市場近來亦向好，董事認為，收購事項實屬良好之投資機會，可提供穩定租金收入來源，按現有租約協議之條款計算，回報率可達6.3%至7.1%。

證券買賣

於回顧期間內，本集團錄得買賣有價證券之營業額約為31,550,000港元及溢利約為2,221,000港元。由於交易商一直預期人民幣將會升值，致使大量海外資本湧入，從而推高香港股市。考慮到息率低企及本地經濟穩步復甦，本集團將繼續維持合適之有價證券組合，以獲取貿易及資本收益。

MANAGEMENT DISCUSSION AND ANALYSIS **(continued)**

OPERATION (continued)

Internet Services

Through the websites namely <http://www.landsearch.com.hk>, <http://www.ipropertyguard.com.hk> (operated by a subsidiary, Land Search Online Limited (“Land Search Online”)) and <http://www.legalsearch.com.hk> (operated by an associate), the Group continues to provide a wide range of valuable online public information including encumbrances and litigation information, market research analysis and risk and credibility assessment.

During the period under review, Land Search Online has renewed the sole agency agreement with All China Marketing Research Company Limited (“ACMR”), a subsidiary of the National Bureau of Statistics of China. Land Search Online continues to exclusively provide the ACMR’s products including economic and statistic publication, industry research and credit investigation. Under the atmosphere of economic recovery, the management believes that revenue contribution to the Group by internet business will be increased.

管理層討論與分析 (續)

經營業務 (續)

互聯網服務

透過三個名為 <http://www.landsearch.com.hk>、<http://www.ipropertyguard.com.hk> (由旗下附屬公司查冊通互聯網有限公司(「查冊通」)經營)及 <http://www.legalsearch.com.hk> (由一間聯營公司經營)之網站，本集團將繼續提供廣泛具價值之網上公開資料，包括產權負擔及訴訟資料、市場研究與分析及風險與信貸評估資料。

於回顧期間內，查冊通已就與中國國家統計局轄下附屬公司北京華通人市場信息有限責任公司(「華通人」)訂立之獨家代理協議進行續期。查冊通將繼續獲得華通人產品(包括經濟及統計刊物、行業研究及信貸調查)之獨家代理權。在經濟逐步復甦之情況下，管理層相信，互聯網業務對本集團之收益貢獻將會增加。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OPERATION (continued)

Associated Company

– *New Century Maritime Limited (“NCML”)*

To complement the Company’s resort operations and strategies in offering a variety of cruise and ground resort services to tourists in the Southeast Asian region, the Group acquired from connected parties 25% equity interest in NCML whose principal asset is the entire beneficial interests in the Vessels together with the rights and benefits of and in the then shareholders’ loan of US\$10,562,693.75 in July 2004 (the “First Acquisition”). Upon completion of the First Acquisition on 20 July 2004, the consideration was satisfied by the issue by the Company a convertible bond in the principal amount of US\$10,565,193.75 (the “First Convertible Bond”) repayable on the second anniversary of its issuance and the results of NCML are shared by the Group under equity accounting method. For the period under review, the Group recorded a share of profit of HK\$5,492,000 from NCML. Given the stable profit generating abilities of the Vessels, the Group conditionally entered into another agreement with connected parties on 23 November 2004 to acquire a further 20% equity interest in NCML together with the rights and benefits of and in the shareholders’ loan of approximately US\$8,450,000 at the consideration of approximately US\$9,219,000 (subject to adjustment) (the “Second Acquisition”). The consideration of the Second Acquisition will be satisfied by the Group partly by cash and partly by a convertible bond to be issued by the Company in principal amount of approximately US\$8,450,000 (the “Second Convertible Bond”) repayable on the second anniversary of its issue. The Second Acquisition is subject to and conditional upon the fulfillment of all consents and approvals from any relevant governmental or regulatory authorities and certain conditions precedent on or before 31 January 2005.

管理層討論與分析 (續)

經營業務 (續)

聯營公司

– *New Century Maritime Limited (“NCML”)*

為補充本公司之酒店業務及策略，以便為東南亞地區之旅客提供多項遠洋旅遊與陸上渡假服務，本集團於二零零四年七月向關連人士收購NCML(其主要資產乃遠洋郵輪之全部實益權益)25%股權連同當時之股東貸款10,562,693.75美元之權利及利益(「首次收購」)。待首次收購於二零零四年七月二十日完成後，代價乃以本公司發行本金額為10,565,193.75美元之可換股債券(「第一批可換股債券」)(須於發行後兩年屆滿時償還)方式支付，而本集團將按權益會計法攤佔NCML之業績。於回顧期間內，本集團錄得攤佔NCML之溢利為5,492,000港元。鑑於郵輪具備穩定溢利能力，本集團與關連人士於二零零四年十一月二十三日訂立另一份有條件協議，以進一步收購NCML20%股權連同股東貸款約為8,450,000美元之權利及利益，代價約為9,219,000美元(可予調整)(「第二次收購」)。第二次收購之代價一部分將由本集團以現金支付，而另一部分將由本公司發行本金額約為8,450,000美元之可換股債券(「第二批可換股債券」)(須於發行後兩年屆滿時償還)方式支付。第二次收購須待任何相關政府或監管機關之所有許可及批准及若干先決條件於二零零五年一月三十一日或之前獲履行後，方可作實。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CAPITAL COMMITMENT

As at 30 September 2004, the Group had commitments in respect of (1) RM31,500,000 (equivalent to HK\$64,575,000) representing the remaining construction cost of a property currently under development in Malaysia (Since the site plan and usage of this property had been altered by the principal developer without prior consent of the management of the Group, the directors, with advice from the Hong Kong lawyers and Malaysian lawyers, have taken legal action against the developer); and (2) HK\$17,442,000 representing the remaining balance of the consideration for acquisition of a property.

CONTINGENT LIABILITIES

As at 30 September 2004, the Company had outstanding guarantees given to banks and financial institutions to secure general credit facilities granted to the Group in the amount of approximately HK\$119,700,000. Credit facilities in the aggregate amount of approximately HK\$85,581,000 had been utilized by the Group in respect of these guarantees as at 30 September 2004.

LIQUIDITY AND FINANCIAL RESOURCES

As at the balance sheet date, the Group had net current assets of approximately HK\$43,398,000 and shareholders' fund of approximately HK\$258,578,000. The Group's total indebtedness (representing the aggregate amounts of interest bearing loans from banks, financial institutions and a loan provider) was approximately HK\$174,844,000. Among which, HK\$92,435,000 was secured by mortgages over the Group's properties having an aggregate carrying value of approximately HK\$260,191,000 as at the balance sheet date. The Group's gearing ratio (total indebtedness divided by shareholders' funds) as at the balance sheet date was 0.68 as compared to 0.23 as at 31 March 2004. Except for approximately HK\$6,853,000 of the total indebtedness which was denominated in Malaysian Ringgit, all the other indebtedness were denominated in Hong Kong dollars. HK\$82,409,000 was at fixed interest rate and HK\$92,435,000 was at floating rate.

管理層討論與分析 (續)

資本承擔

於二零零四年九月三十日，本集團之承擔計有：(1)馬幣31,500,000元(相等於64,575,000港元)，即位於馬來西亞目前發展中物業之其餘建築成本(由於主要發展商在未經本集團管理層事先同意前，自行更改該項物業之平面圖及用途，故董事在徵詢香港及馬來西亞法律意見後，已對發展商採取法律行動；及(2)17,442,000港元為收購物業之剩餘代價。

或然負債

於二零零四年九月三十日，本公司給予銀行及財務機構之未償還擔保數額約為119,700,000港元，作為本集團獲授一般銀行信貸之抵押。就該等擔保而言，於二零零四年九月三十日，其中總額約85,581,000港元之信貸已由本集團動用。

流動資金及財政資源

於結算日，本集團之淨流動資產約為43,398,000港元及股東資金約為258,578,000港元。本集團之總債務(即銀行、財務機構及一名貸款供應商提供之計息貸款總額)約為174,844,000港元。其中，92,435,000港元乃以本集團於結算日賬面總值約260,191,000港元之物業按揭作抵押。本集團於結算日之負債比率(總債務除以股東資金)為0.68倍，而於二零零四年三月三十一日則為0.23倍。此外，除總債務中約6,853,000港元以馬來西亞幣值為結算單位外，所有其他債務均以港元為結算單位。其中，82,409,000港元乃以固定息率計算，而92,435,000港元則以浮動息率計息。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

POST BALANCE SHEET EVENTS

Acquisition of certain properties in Hong Kong

On 25 August 2004, the Group entered into a sale and purchase agreement with an independent third party, to acquire certain properties located in Hong Kong at an aggregate consideration of HK\$19,380,000. A deposit of HK\$1,938,000 was paid upon the signing of the sale and purchase agreement and the remaining balance of HK\$17,442,000 was subsequently paid on 29 October 2004.

Acquisition of an additional 20% equity interest in NCML

On 23 November 2004, the Group entered into a sale and purchase agreement to acquire an additional 20% equity interest in NCML for approximately US\$9,219,000 (equivalent to approximately HK\$71,908,000). In return, the Company will pay cash consideration of approximately US\$769,000 and issue approximately US\$8,450,000 1% convertible bond due 2007 to the vendor. The aforesaid transaction is expected to be completed on or before 31 January 2005 subject to independent shareholders' approval.

HUMAN RESOURCES

As at 30 September 2004, the total number of employees of the Group was about 414, among which about 233 staff were based in Indonesia, 133 staff in Singapore and 48 staff in Hong Kong. Apart from competitive remuneration package offered to the employees, share options may also be granted in order to attract and retain talented employees. As at 30 September 2004, the Company had 34,650,000 outstanding share options granted to eligible executives and employees of the Group.

管理層討論與分析 (續)

結算日後事項

收購若干香港物業

於二零零四年八月二十五日，本集團與一獨立第三者訂立買賣協議，以收購若干香港物業，總代價為19,380,000港元。簽訂買賣協議時已支付1,938,000港元，餘款17,442,000港元已於二零零四年十月二十九日支付。

進一步收購NCML 20%股權

於二零零四年十一月二十三日，本集團訂立買賣協議，進一步收購NCML之20%股權，作價約9,219,000美元（約相等於71,908,000港元）；而本公司將向賣家支付現金代價約769,000美元及發行約8,450,000美元於二零零七年到期之1厘可換股債券。上述交易預期於二零零五年一月三十一日或之前完成（須待獨立股東批准）。

人力資源

於二零零四年九月三十日，本集團之僱員合共約為414人，其中約233人駐印尼、133人駐新加坡及48人駐香港。除為僱員提供優厚薪酬組合外，本公司亦可授出購股權以吸引及挽留優秀僱員。於二零零四年九月三十日，本公司授予本集團合資格行政人員及僱員之購股權中尚有34,650,000股仍未獲行使。

MANAGEMENT DISCUSSION AND ANALYSIS **(continued)**

PROSPECTS

In the past few years, the management adopted the strategies to liquidate unsound investments and to strengthen the Group's investments with stable revenue generating power. All those efforts have been crucial to the significant enhancement now achieved in the net profit for the period under review.

To strengthen our core business in vessel chartering by increasing our stake in the Vessels and to enhance the quality portfolio of investment properties at prime location or with attractive return have been the Group's key strategy for development.

The management is optimistic on the prospects of New Century Group Hong Kong Limited. It will continue to grow on its strong foundation of visionary foresight, efficient management and sound financials.

管理層討論與分析 (續)

前景

於過去數年，管理層採納結束表現欠佳之投資及加強本集團具備穩定收益能力之投資之策略，而所有該等努力現正使本集團於回顧期間內之溢利淨額大幅提升。

透過增加於郵輪所持之權益，以鞏固本集團於船舶租賃方面之核心業務，以及加強位於黃金地段或回報吸引之優質投資物業組合－此乃本集團一貫主要發展策略。

管理層對新世紀集團香港有限公司之前景表示樂觀。本集團基礎穩固，憑藉拓展業務視野、效率管理及雄厚財力，業務將繼續蒸蒸日上。