

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

RESULTS OF OPERATION

During the period under review, the retail property market continued its strong run. Shops in Argyle Centre in Mongkok are virtually fully let, and our shops appreciated significantly in value. The overall investment portfolio reported a profit. However, the value of our bond portfolio fell slightly as the high-yield bond market had a mini crash in the first half of 2005, triggered by the rumoured downgrade of General Motors in the United States in March 2005, and the eventual downgrade of both General Motors and Ford in May 2005. The high-yield bond market has recovered significantly since then, and, as at the date of this report, the value of our bond portfolio has almost completely recovered.

OPERATION REVIEW

As at 30th June, 2005, the Group's major investments were in AsiaWorld-Expo, Argyle Centre, CR Airways Limited, Oriental Cashmere Limited (a cashmere manufacturer in the People's Republic of China (the "PRC")), high-yield bonds and equity securities.

AsiaWorld-Expo

In August 2003, the Group acquired a 37.85% interests in a private sector consortium ("JVP") to invest with the Hong Kong Government and the Airport Authority to develop and operate AsiaWorld-Expo, a 66,000 sqm exhibition center located at the Hong Kong International Airport, with a capacity of expanding into a 100,000 sqm exhibition facility. JVP owns 13.5% in AsiaWorld-Expo.

AsiaWorld-Expo is a column-free structure under one roof, with a dedicated Mass Transit Railway station – the "AsiaWorld-Expo Station". It is scheduled to open in December 2005, with the first exhibition to be held in January 2006. Current confirmed event bookings run well into 2008, exceeding the original budget. International Telecommunication Union's (ITU) Telecom World annual convention, the world's biggest telecom show, has selected AsiaWorld-Expo as its venue for 2006. In addition to exhibitions, a world class arena is purpose-built for concert and entertainment events which can house up to 14,500 spectators.

經營業績

於回顧期間內，零售物業市場繼續保持強勁表現。位於旺角之旺角中心之店舖實際上全數租出，而本集團之店舖已大幅升值。投資組合整體錄得溢利。然而，本集團債券組合之價值輕微下跌，因二零零五年三月謠傳美國通用汽車評級下跌，而二零零五年五月通用汽車及福特評級同時下跌，導致二零零五年上半年度高息債券市場出現小型股災。高息債券市場其後大幅反彈，而於本報告發表日期，本集團債券組合已近乎完全回復原來之價值。

業務回顧

於二零零五年六月三十日，本集團之主要投資為亞洲國際博覽館、旺角中心、中富航空有限公司、Oriental Cashmere Limited (中華人民共和國〔中國〕一間開士米製造商)、高息債券及股本證券。

亞洲國際博覽館

於二零零三年八月，本集團收購一個私人財團〔合營企業夥伴〕之37.85%權益，隨同香港政府及機場管理局投資發展及經營亞洲國際博覽館。亞洲國際博覽館位於香港國際機場，提供面積達66,000平方米之展覽場地，更可擴展至成為面積達100,000平方米之展覽場地。合營企業夥伴擁有亞洲國際博覽館之13.5%權益。

亞洲國際博覽館乃一座無柱位展覽設施，設有地鐵站〔博覽館站〕。亞洲國際博覽館預期將於二零零五年十二月開幕，並於二零零六年一月舉行首個展覽。亞洲國際博覽館現時確認之訂場預約遠至二零零八年，情況超出原先預期。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。除了舉辦展覽外，其中一個世界級場館更是多用途館，可容納多達14,500名觀眾，是舉行演唱會及文娛表演之理想場地。

OPERATION REVIEW(CONTINUED)

AsiaWorld-Expo (continued)

On 12th August, 2005, shareholders approved our acquisition of an additional 22.15% interest in JVP from Yu Ming Investment Management Limited. The Company's interest in JVP will increase to 60%.

Argyle Centre Shopping Mall

The Group owns 153 shops in Argyle Centre (over 34,000 sqft), with a virtually full occupancy rate and a steady growth in rental income.

High-Yield Bonds

Value of our bond portfolio was down by approximately 8%. The performance is in line with the high-yield bond market, which tumbled after the rumour of downgrade of General Motors, and the subsequent downgrade of both General Motors and Ford.

The Group has a diversified bond portfolio, with exposure ranging from HK\$0.5 mln to HK\$8.5 mln for each bond. Since May 2005, the high-yield market has picked up rapidly and recuperated almost all of the earlier losses from the first half of the year.

CR Airways

CR Airways is flying scheduled flights to Sanya, Haikou, Nanning, Jinan and Guilin. It is also designated the right to fly scheduled flights to Kunming, Wenzhou, Meixian and Tianjin. Outside the PRC, it is also flying scheduled to Laoag (Philippines) and chartered services to Clark and Subic Bay (Philippines).

Approval is pending for flight services to Changsha, Wuhan, Hangzhou, Nanjing and Chongqing in the PRC, and Da Nang in Vietnam.

Oriental Cashmere Limited

On 14th June, 2005, the Group completed its investment of 25% in Oriental Cashmere Limited ("OCL") for HK\$47,190,000. OCL is the third largest cashmere knitwear manufacturer in the PRC with a good profit in 2004.

業務回顧(續)

亞洲國際博覽館(續)

於二零零五年八月十二日，股東批准本集團向禹銘投資管理有限公司收購合營企業夥伴之額外22.15%權益。本公司於合營企業夥伴之權益將增至60%。

旺角中心

本集團擁有旺角中心內之153個舖位，佔地逾34,000平方呎，出租率近乎100%水平，租金收入亦見穩定增長。

高息債券

本集團債券組合之價值減少約8%。高息債券市場因謠傳通用汽車評級下跌，而其後通用汽車及福特評級同時下跌而暴跌，因此，債券組合之表現實際上符合高息債券市場之表現。

本集團之債券組合頗多元化，每隻債券佔500,000港元至8,500,000港元。自二零零五年五月起，高息債券市場迅速反彈，近乎抵銷了上半年度較早前錄得之所有虧損。

中富航空

中富航空提供飛往三亞、海口、南寧、濟南及桂林之定期航班服務，亦獲授權提供飛往昆明、溫州、梅縣及天津之定期航班服務。除中國外，中富航空亦設有飛往菲律賓佬沃之定期航班，及飛往菲律賓克拉克及蘇碧灣之包機航班。

中富航空現有飛往中國長沙、武漢、杭州、南京及重慶以及越南峴港之航線服務待批。

Oriental Cashmere Limited

於二零零五年六月十四日，本集團完成投資於Oriental Cashmere Limited(「OCL」)之25%權益，作價47,190,000港元。OCL為中國第三大開士米針織製造商，其於二零零四年之溢利表現驕人。

PROSPECTS

In May 2005, an associated company of the Group entered into an agreement to acquire retail properties in Percival Street in Causeway Bay, which are at present occupied by Chuen Cheung Kui. The transaction will expand the Group's square footage in a prime shopping location in addition to Mongkok.

AsiaWorld-Expo is expected to contribute after its full year of operation in 2006 and to generate recurrent income for the long term. The leveraged structure at the JVP level is expected to improve the return of AsiaWorld-Expo.

CR Airways is an investment aiming for a significant capital gain in the medium term, but where recurrent income would not be forthcoming in the first few years due to its start-up position. The increasing number of routes and aircrafts put CR Airways in a competitive position to serve the huge aviation market in the PRC.

The PRC textile industries in general experienced turbulence since the removal of textile quotas at the end of the Multifibre Agreement on 1st January, 2005. The surge of PRC textile exports to the United States by 86% in the first five months prompted certain importing countries to place an annual growth cap on PRC textile imports, which were quickly filled. In July 2005, some EU nations closed their ports to PRC's textile shipment. Unless the impasse is resolved between PRC and the importing countries, we expect some volatility in the business in OCL.

FINANCIAL POSITION

The Group maintains a strong financial position with a low gearing.

FOREIGN EXCHANGE EXPOSURE

As at 30th June, 2005, 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. The Group invests in Euro denominated debt securities from time to time, and it is the Group's intention to hedge the currency exposure of debt securities to an extent considered appropriate by the investment manager.

前景

於二零零五年五月，本集團之聯營公司訂立一份協議以收購銅鑼灣波斯富街，現由泉章居佔用之零售物業。有關交易將令本集團擁有的優質購物地段由旺角擴展開去。

預期亞洲國際博覽館在二零零六年全面運作後將可為本集團帶來長遠經常性收入。預期合營企業夥伴層面之槓桿架構將能提高亞洲國際博覽館之回報。

中富航空為可在中期而言帶來重大資本收益之投資項目，但由於該公司營運時間尚淺，最初數年未必能即時帶來經常性收入。航班及飛機數目日增，將令中富航空處於優勢，為中國之龐大航空市場服務。

由於二零零五年一月一日多種纖維協定終結時撤銷紡織品限額，整體而言，中國紡織業面臨艱難時期。於首五個月，中國出口往美國之紡織品數量飆升86%，促使若干進口國家對中國進口紡織品實施每年增長上限，而增長上限迅速就達至。於二零零五年七月，部分歐盟國家禁止中國所付運之紡織品進港。除非中國能與進口國家達成共識，否則本集團預期OCL之業務將會有所波動。

財政狀況

本集團保持雄厚之財政狀況，資本負債水平偏低。

外匯風險

於二零零五年六月三十日，本集團之大部分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計值之債務證券，本集團亦有意對沖該等債務證券之貨幣風險至投資經理認為適當之水平。

INTEREST RATE EXPOSURE

The Group's interest-rate risk arises from long-term borrowings. Borrowing made at variable rates expose the Group to cash flow interest-rate risk.

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 Group's equity interests. The amount of outstanding indebtedness due by the associated company to this bank as at 30th June, 2005 was approximately HK\$145 million (at 30th June, 2004 and 31st December, 2004: approximately HK\$262 million and HK\$230 million respectively).

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, 2005 was approximately Euro 3 million (at 30th June, 2004 and 31st December, 2004: approximately Euro 8.4 million and Euro 4.4 million respectively).

STAFF COSTS

The Group's total staff costs for the period under review amounted to approximately HK\$114,000.

利率風險

本集團因長期借貸而面對利率風險。按不同利率借入之借貸令本集團面對現金流量利率風險。

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。該聯營公司於二零零五年六月三十日欠該銀行之未償還債項約為145,000,000港元(於二零零四年六月三十日及二零零四年十二月三十一日:分別約為262,000,000港元及230,000,000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。於二零零五年六月三十日之未償還債項約為3,000,000歐羅(於二零零四年六月三十日及二零零四年十二月三十一日:分別約為8,400,000歐羅及4,400,000歐羅)。

員工成本

本集團於回顧期間之員工成本總額合共約114,000港元。