

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### FINANCIAL

The financial status of the Group was further improved. Net assets increased by approximately HK\$11.28 million to approximately HK\$87.86 million for the nine months ended 31 December 2005 from approximately HK\$76.58 million last year. During the nine months ended 31 December 2005, the Group recorded an operating profit of approximately HK\$16.45 million as compared with an operating profit of approximately HK\$3.01 million last year.

Net profit attributable to shareholders for the nine months ended 31 December 2005 was approximately HK\$11.28 million as compared with approximately HK\$3.46 million last year. Basic earnings per share posted HK2.17 cents as compared with basic earnings per share of HK0.67 cents last year, indicating a steady pace of growth.

#### OPERATIONAL

##### a. Hotel

In July 2004, the Group selected Fujian Sunshine Group Limited (the "Sunshine Group") through public bidding as the operator to manage the daily operation of Xiamen South East Asia Hotel (the "Hotel") for 10 years commencing from 1 July 2004. The Sunshine Group is a seasoned hotel operator, which is conducive to improvement of the operation as well as consolidation of development basis of the Hotel. Therefore the Hotel is expected to become a stable source of income to the Group in the future.

On 9 May 2005, the Group entered into an extension agreement with Xiamen Railway Department Company Limited ("Railway Department"), the joint venture partner of the Hotel, to extend the operating period of the Hotel by 10 years to 31 December 2025. This enables the Group to enjoy a stable income for the next 20 years.

For the nine months ended 31 December 2005, the turnover of the Hotel was approximately HK\$10.69 million, while last year's was approximately HK\$15.59 million.

#### 財務

本集團財務狀況進一步改善。截至二零零五年十二月三十一日止九個月，資產淨值由去年度約為7,658萬港元增加約為1,128萬港元，達至約為8,786萬港元。於二零零五年十二月三十一日九個月期間，本集團錄得經營溢利約為1,645萬港元，而去年度則錄得經營溢利約為301萬港元。

截至二零零五年十二月三十一日止九個月，股東應佔溢利淨額約為1,128萬港元，而去年度則約為346萬港元，每股基本盈利2.17港仙，而去年度每股基本盈利0.67港仙。較去年錄得穩健的增長。

#### 營運

##### a. 酒店

於二零零四年七月，本集團透過公開招標方式挑選福建陽光集團有限公司（「陽光集團」）作為管理廈門東南亞大酒店（「酒店」）日常業務之營辦商，由二零零四年七月一日起，為期十年。陽光集團是一家經驗豐富之酒店營辦商，憑著對酒店業嫻熟的管理經驗，有利於改善酒店業務狀況，加強酒店發展，並預期酒店將於日後成為本集團之穩定收入來源之一。

於二零零五年五月九日，本集團與酒店之合作夥伴廈門鐵路開發公司（「鐵路開發」）訂立一項協議，將酒店之經營年期延長十年，至二零二五年十二月三十一日止。本集團將於未來二十年享有穩定之收入。

於二零零五年十二月三十一日九個月，酒店營業額約為1,069萬港元，而去年度則為1,559萬港元。

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#### b. Hong Kong properties held by the Group

The occupancy rate for the properties of the Group maintained at over 90% during the previous two years. It brought steady rental income to the Group.

For the nine months ended 31 December 2005, the rental income of properties in Hong Kong was approximately HK\$0.73 million, while last year's was approximately HK\$0.95 million.

#### c. Piano Manufacturing

The Group diversified its business into the piano manufacturing sector by acquiring a 25% equity interest of Harmony Piano on 30 June 2005. This business interests is expected to contribute a reasonable profit to the Group for the coming years.

#### d. Management Agreements

According to the entrusted management services agreement entered into with Fujian Investment and Development Company Limited ("FIDC") on 11 November 2004, the Group has provided management services to Harmony Piano and Huamin Tourism for 18 months, ending on 10 May 2006. It contributed approximately HK\$2.8 million of revenue to the Group.

#### FUTURE DEVELOPMENT

The Group is actively looking for business opportunities for future development, as to select products with the best potential for return upside and to generate highest profit in the market. The Directors believes this could bring long term revenue increment and rooms for future business development to the Group, and to reduce its reliance on property lease in Hong Kong and Hotel operation in China.

#### b. 香港物業

於過去兩年，本集團物業之出租率維持90%以上，為本集團持續帶來穩定之租金收入。

於二零零五年十二月三十一日九個月，香港物業租金收入約為73萬港元，而去年度則約為95萬港元。

#### c. 鋼琴製造

本集團於二零零五年六月三十日透過完成收購和聲鋼琴25%股權而擴展業務至鋼琴製造業。此業務權益預期將於未來數年為本集團帶來合理之盈利。

#### d. 管理協議

本集團於二零零四年十一月十一日與華閩投資發展有限公司(「華閩投發」)訂立之委托管理協議，至二零零六年五月十日為止，向和聲鋼琴及華閩旅遊提供為期十八個月的管理服務。該項業務為本集團帶來約為280萬港元之收益。

#### 未來發展

本集團正積極尋求未來發展之業務商機，務求選擇潛力最優厚的產品，能在市場中產生最高的溢利。董事認為此舉可為本集團帶來長遠的收入增長點和業務發展空間，以減少對香港之物業租賃及中國之酒店業務的依賴。

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#### LIQUIDITY AND FINANCIAL RESOURCES

The Group had total borrowings of approximately HK\$27.1 million for the nine months ended 31 December 2005 (last year: approximately HK\$27.4 million), of which borrowings to be repayable within one year were approximately HK\$8.9 million (last year: approximately HK\$4.8 million). For the nine months ended 31 December 2005 the Group's gearing ratio decreased from 36% last year to 31%, which was calculated based on interest bearing borrowings to total shareholders' equity.

For the nine months ended 31 December 2005, the Group had current assets of approximately HK\$27.2 million (last year: approximately HK\$22.5 million) and current liabilities of approximately HK\$24.9 million (last year: approximately HK\$24.3 million). For the nine months ended 31 December 2005, the Group had total assets of approximately HK\$145 million and total liabilities of approximately HK\$57.1 million, and a debt ratio (total liabilities over total assets) of approximately 39% (last year: approximately 43%).

#### FOREIGN EXCHANGE EXPOSURE

For the nine months ended 31 December 2005, the Group's borrowings were denominated in Renminbi. The Directors consider the Group has no significant exposure to foreign exchange fluctuations in view of income denominated in Renminbi being comparable to borrowings denominated in Renminbi. During the nine months ended 31 December 2005, the Group did not participate in any derivative instrument activities and the Group did not use any financial instrument for hedging purposes.

#### 流動資金及財務資源

截至二零零五年十二月三十一日止九個月，本集團總借貸約為2,710萬港元(去年度：約為2,740萬港元)。有關借貸中約為890萬港元(去年度：約為480萬港元)須於一年內償還。截至二零零五年十二月三十一日止九個月，本集團之資本負債比率由去年36%減至31%，資本負債比率乃根據付息借貸除以股東權益總額計算。

截至二零零五年十二月三十一日止九個月，本集團之流動資產約為2,720萬港元(去年度約為2,250萬港元)及流動負債約為2,490萬港元(去年度：約為2,430萬港元)。截至二零零五年十二月三十一日止九個月，本集團之總資產約為14,500萬港元，總負債約為5,710萬港元，債務比率約為(負債總額除以資產總額)39%(去年度：約為43%)。

#### 外匯風險

截至二零零五年十二月三十一日止九個月期間，本集團之借貸以人民幣定值。董事認為，由於本集團人民幣的收入與人民幣的借貸相匹配，因此本集團毋須承擔重大外匯波動風險。於二零零五年十二月三十一日九個月期間，本集團並無從事任何衍生工具活動，亦無使用任何金融工具作對沖。

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#### CHARGE ON ASSETS AND CONTINGENT LIABILITIES

For the nine months ended 31 December 2005, the loan of HK\$24,979,104 (last year: HK\$24,494,333) was secured by the Group's 40% interests in Xiamen Plaza. Neither other properties nor any bank deposits of the Group was pledged to secure banking facilities granted to the Group.

For the nine months ended 31 December 2005, the Group had no material contingent liabilities.

#### HUMAN RESOURCES

As at 31 December 2005, the Group had approximately 155 employees in Hong Kong and the PRC. The remuneration package was determined with reference to their performance and the prevailing salary levels in the market. The Group also provides employees with training, mandatory provident fund scheme and medical insurance cover.

#### 資產抵押及或然負債

截至二零零五年十二月三十一日止九個月，貸款24,979,104港元(去年度：24,494,333港元)乃以本集團於東酒之40%權益作為抵押。本集團並無抵押其他物業及銀行存款作為本集團取得銀行信貸之擔保。

截至二零零五年十二月三十一日止九個月期間，本集團並無任何重大或然負債。

#### 人力資源

於二零零五年十二月三十一日，本集團於香港及中國擁有約155名僱員。薪金組合乃根據彼等之表現及市場上之現行薪金水平釐定。本集團亦提供僱員培訓、強制性公積金計劃及醫療保險。