



主席報告

Chairman's Statement

管理層論述及分析

業務回顧

本集團業務為於物業、非上市及上市證券的投資。本集團的投資組合包括高至低風險的投資項目。多元化的投資選擇旨在降低投資組合的整體風險。

於二零零五年底，本集團的主要投資項目如下：

投資項目	詳情
亞洲國際博覽館	香港最大的展覽設施
商舖物業	分別位於九龍及香港黃金地段的旺角及銅鑼灣的零售商舖
中富航空有限公司 (「中富航空」)	香港第三家客運航空公司，飛往中國與南亞城市
債務及股本	債務及股本組合
Oriental Cashmere Limited (「東方羊絨」)	羊絨毛衣製造商

於二零零五年，商舖物業市場展現強勁走勢，於租金及價值兩方面均錄得增長。本集團於股本及高息債務兩方面的投資項目均錄得小量盈利。然而，高息債券市場於二零零五年表現波動，亦由於本集團持有的部份債券貶值，令本集團的債券投資組合回報下降。中富航空於擴展航線方面的表現令人滿意。然而，股東須留意，一家新航空公司屬於一項資本密集業務，因此需要相對較長時間才能帶來豐厚盈利。由於客戶轉換導致較遲投放訂單及運費增加，以及在二零零五年期待已久的撤銷紡織品配額出現預期以外的結果，令東方羊絨的業務面對若干輕微阻滯。

投資回顧

於二零零五年十二月三十一日，本集團的主要投資項目為亞洲國際博覽館、旺角中心、中富航空有限公司、東方羊絨(位於中華人民共和國(「中國」)的羊絨製造商)、高息債券及股票。

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

The Group's business is investment in properties, private equity and securities. The Group's portfolio comprises high to low risk investments. The diversity aims to smoothen out the overall risk of the portfolio.

As at the end of 2005, the Group's major investments are as follows:

Investments	Description
AsiaWorld-Expo	The largest exhibition facility in Hong Kong
Retail Properties	Retail shops in Mongkok and Causeway Bay, the prime retail location in Kowloon and Hong Kong respectively
CR Airways Limited (「CR Airways」)	The third passenger airline in Hong Kong flying to cities in the PRC and Southern Asia
Debts and Equities	A portfolio of debts and equities
Oriental Cashmere Limited (「OCL」)	A cashmere knitwear manufacturer

During 2005, the retail property market had a strong run, registering growth in both rental and in value. Both our investments in equity and high-yield bonds reported a small profit. However, the fluctuation in the high yield bond market in 2005 has diminished the return of our bond portfolio, due to depreciation of some of our bonds. The route expansion pace of CR Airways is satisfactory. However, one should note that a start up airline is a capital intensive business that requires a relatively long development period before it can generate significant profit. OCL experienced some hiccups due to the switching of customers resulting in late orders and increased freight charges, and the unexpected result of the long anticipated lifting of textile quota in 2005.

Investment Review

As at 31st December, 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.



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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」）的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，提供全層面積達66,000平方米的永久展覽場地，更可擴展至成為面積達100,000平方米的展覽設施。合營企業擁有亞洲國際博覽館的13.5%權益。

亞洲國際博覽館乃一座無柱位建築物，並擁有專用的地下鐵路車站－「博覽館站」。該設施於二零零五年十二月已正式開幕。訂場租約已遠至二零零九年，收益更遠遠超過本集團於初步投資時原先規劃的預算金額。該設施的世界級設備吸引多個國際大型展覽會移師香港舉行：

1. 全球最大的電訊展覽會－國際電信聯盟（ITU）的世界電信展年會將於二零零六年十二月舉行。ITU傳統上過去一直於日內瓦舉行。
2. 亞太區最頂尖的航空展覽－亞洲航空展已選定亞洲國際博覽館作為其二零零七年九月的舉辦場地。亞洲航空展傳統上過去一直於新加坡舉行。
3. 先前於上海舉行的China Sourcing Fairs將於二零零六年四月移師亞洲國際博覽館舉行。該展覽會展出來自中國、香港及亞洲其他地區的優質供應商推出的最新產品。China Sourcing Fairs包括三個獨立展覽會：電子及零件、時尚配飾及禮品與家居產品。

除了舉辦展覽，一個世界級娛樂場館（已命名為Arena）專門用作舉行演唱會及文娛活動，並可容納多達14,500名觀眾。本地知名藝人陳寶珠女士及國際搖滾樂組合Oasis亦曾於Arena獻技。

於二零零五年九月，經獨立股東批准，本集團從禹銘投資管理有限公司（「禹銘投資管理」）增購合營企業額外22.15%權益，令本集團於合營企業的權益增加至60%。

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 permanent 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% interests in AsiaWorld-Expo.

AsiaWorld-Expo is a column-free structure under one roof, with a dedicated Mass Transit Railway station – the "AsiaWorld-Expo Station". The facility was officially opened in December 2005. Bookings are well into 2009, with revenue exceeding the budget originally planned at the time of our initial investment. Its world-class specifications attracted a number of major international exhibitions to relocate to Hong Kong:

1. International Telecommunication Union's (ITU) Telecom World annual convention, the world's biggest telecom show, will be held in December 2006. ITU has been traditionally held in Geneva before.
2. Asian Aerospace, Asia Pacific's foremost aerospace exhibition, has selected AsiaWorld-Expo as its venue for September 2007. Asian Aerospace has been traditionally held in Singapore before.
3. China Sourcing Fairs, held previously in Shanghai, will relocate to AsiaWorld-Expo in April 2006. The fairs showcase the latest products from quality suppliers from China, Hong Kong and the rest of Asia. The China Sourcing Fairs comprise of three separate shows: Electronics & Components, Fashion Accessories and Gifts & Home Products.

In addition to exhibition, a world-class entertainment hall (named Arena) is purpose-built for concert and entertainment events which can house up to 14,500 spectators. Acclaimed local artist Ms. Chan Po Chu and international rock band Oasis already performed in the Arena.

In September 2005, with the approval of independent shareholders, we acquired an additional 22.15% interest in JVP from Yu Ming Investment Management Limited ("YMIM"), increasing the Group's interests in JVP to 60%.



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零售物業

本集團的物業投資項目專注於黃金地段的零售商舖。於二零零五年，本集團於其投資組合內新增兩項物業，並已於二零零五年十一月及二零零六年二月完成收購。

物業	情況
旺角 旺角中心	本集團擁有旺角中心內的153個舖位(面積逾34,000平方呎)，出租率實際接近100%，租金收入穩定增長。
旺角 銀城廣場	本集團於二零零五年十一月收購銀城廣場逾14,000平方呎零售舖位，並已被全數佔用。
銅鑼灣 寶榮大廈 (前泉章居)	本集團於二零零六年二月完成收購該物業。該物業提供一個罕有商機，可於銅鑼灣心臟地帶提供30,000平方呎的交吉物業。本集團對該物業的前景極為樂觀。

高息債券

本集團已投資於高息債券多年，可於市場整體波動時提供較高回報。高息債券的部份風險被其較高票息及折扣購買價抵銷。於過往，本集團於高息債券錄得理想回報。

於二零零五年，利息收入及資本收益已足以抵銷本集團所持有高息債券的價值下跌，並為本集團帶來溫和回報。然而，由於目前已回復至相對較高的利率環境，因此高息債券提供的增值作用已縮減。鑒於二零零五年市場異常波動，本集團將仔細審閱其於高息債券及其他債務工具之策略。

Retail Properties

The Group's focuses property investment in retail space on prime location only. In 2005 the Group added two properties to its portfolio, with completion in November 2005 and February 2006.

Properties	Status
Argyle Centre Mongkok	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.
Ginza Plaza Mongkok	The Group acquired over 14,000 sqft of retail space in Ginza Plaza in November 2005, with full occupancy.
Po Wing Building Causeway Bay	The Group completed acquisition of the property in February 2006. The property represented a rare opportunity of 30,000 sqft vacant property in the heart of Causeway Bay. The Group is highly optimistic of the prospect of this property.

High-Yield Bonds

The Group has invested in high yield bonds for years, which served to provide enhanced return at times when the market was generally volatile. The risk of high yield bonds is offset partly by its high coupon rate as well as the discounted purchase price. In the past, the Group has made good return in high yield bonds.

In 2005, interest income and capital gains have more than offset the depreciation in value of our holdings, and yielded a moderate return to us. However, as we have returned to a relatively high interest rate environment, the enhancement offered by high yield bonds has diminished. In view of the exceptionally volatile market in 2005, the Group will carefully review its strategy in high yield bond and alternative debt instruments.



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本集團持有21種債券，每種債券的款額介乎200,000港元至9,100,000港元。以下為於不同市場的款額及信貸的分析。

債券之信貸評級		債券之市場分析	
B3	7.97%	零售	23.83%
Caa1	7.76%	汽車	20.50%
Caa2	33.13%	工業	14.53%
Caa3	5.22%	化工及藥劑	12.63%
Ca	22.29%	娛樂	11.32%
WR	23.63%	電訊、傳媒及科技	11.55%
		公用事業	3.27%
		食品－糖果	2.37%

中富航空

中富航空擴展航線之步伐雖然令人滿意，但仍然持續錄得經營虧損。中富航空經營飛往三亞、海口、南寧、濟南、桂林及昆明的定期航班。該公司亦獲得專門飛往溫州、梅縣及天津的定期航班權利。在中國以外，該公司亦經營飛往佬沃（菲律賓）的定期航班，及克拉克及蘇碧灣（菲律賓）的包機航班。

該公司亦獲發出執照飛往30個中國城市及8個東南亞城市。當指定獲發執照路線後，該公司所服務的潛在中國市場將增加至覆蓋超過2.5億人口。

東方羊絨

於二零零五年六月十四日，本公司完成其於東方羊絨的25%權益的投資，投資額為47,190,000港元。東方羊絨為中國第三大羊絨毛衣製造商，並於二零零四年錄得理想盈利。撤銷紡織品配額制度並未如原先預期般帶來市場開放。紡織品過度供應美國及歐盟市場引來反響，並引發於二零零五年下半年突然實施入口限制。為應付新增的入口限制限期及客戶轉換而較遲投放的訂單，東方羊絨大幅增加航運成本。連同因錯過限期的較遲付運紡織品轉為付運至其他市場，東方羊絨的盈利大幅降低90%。顧及到這情況，本公司於二零零五年十二月三十一日作出了商譽耗蝕。

The Group holds 21 bonds, with exposure between HK\$0.2 mln and HK\$9.1 mln for each bond. The following is an analysis of the exposure in different markets and credits.

Rating Weighting of the Bonds		Industry Weighting of the Bonds	
B3	7.97%	Retail	23.83%
Caa1	7.76%	Auto	20.50%
Caa2	33.13%	Industrial	14.53%
Caa3	5.22%	Chemicals & Pharmaceuticals	12.63%
Ca	22.29%	Entertainment	11.32%
WR	23.63%	Telecom, Media & Technology	11.55%
		Utilities	3.27%
		Food – Confectionary	2.37%

CR Airways

CR Airways has been expanding routes at a satisfactory price, but continues to run at an operating loss. CR Airways is flying scheduled flights to Sanya, Haikou, Nanning, Jinan, Guilin and Kunming. It is also designated the right to fly scheduled flights to Wenzhou, Meixian and Tianjin. Outside the PRC, it is also flying scheduled flights to Laoag (Philippines) and chartered services to Clark and Subic Bay (Philippines).

It is also licensed to fly to 30 PRC cities and 8 Southeast Asian cities. Once the licensed routes are designated, the potential PRC market will increase to cover a population of more than 250 million within the catchment area.

OCL

On 14th June, 2005, the Company completed its investment in 25% in OCL for HK\$47,190,000. OCL is the third largest cashmere knitwear manufacturer in the PRC with a good profit in 2004. The lifting of the textile quota system did not bring about an open market as one had originally anticipated. The rush to oversupply the US and EU markets backfired and triggered the abrupt imposition of import limit in the second half of 2005. To meet the new import limit deadline, as well as the late orders placed by replacement customers, OCL incurred materially more freight cost. Together with the cost of redirecting late shipments that missed the deadline to other markets, exceptionally profit of OCL fell significantly by 90%. In this respect, impairment of goodwill was made as at 31st December, 2005.



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前景

隨著於黃金地段的零售舖位面積增加，本集團預期租金收入及其物業價值將會增加。

亞洲國際博覽館尤其令人感到振奮，原因為多個國際主辦機構均將其國際展覽會移師至該館舉行。

中富航空屬於在中期內獲取豐厚資本收益為目標之投資項目，但由於該公司剛成立及處於虧損情況下，因此不會於頭數年錄得經常性收入。

由於在二零零五年一月一日多纖協定結束後撤銷紡織品配額，中國整體紡織業於二零零五年面對波動情況。東方羊絨目前磋商收購中國其中一家主要羊絨製造商，但磋商未必一定有成果。

獎金費用

於一九九七年三月五日訂立之投資管理協議（經二零零二年一月三十日訂立之補充協議延續）所奉行之原則為獎金費用應按「已變現溢利」支付。協議並無預計須按照於二零零五年一月一日生效之新香港會計準則第40號「投資物業」之規定，將投資物業重估價值於損益賬記錄入賬。

純粹就計算獎金費用而言，禹銘投資管理同意維持採納舊香港會計實務準則第13號「投資物業會計」，其中於重估投資物業產生之未變現收益（「未變現收益」）並不會於損益賬處理，但列作投資物業重估儲備變動。就最終出售有關投資物業而言，就先前估價之已變現投資物業重估儲備有關部份將撥回損益賬。因此，於計算獎金費用時不應計入於損益賬確認之任何未變現收益，反而應根據銷售價超過於實際出售有關投資物業時之收購成本之餘額計算。

Prospects

With the increase in retail space in prime location, the Group expects to increase both rental income and value of its properties.

AsiaWorld-Expo is particularly encouraging as a number of international organizers relocate their major international exhibitions there.

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 and loss-making position.

The PRC textile industries in general experienced turbulence in 2005 as a result of the removal of textile quotas at the end of the Multifibre Agreement on 1st January, 2005. OCL is currently negotiating to acquire one of the major cashmere manufacturers in the PRC, which may or may not materialize.

Incentive Fee

The investment management agreement dated 5th March, 1997 as extended by a supplemental agreement dated 30th January, 2002 was premised on the principle that incentive fees should be paid on "realized profit". The agreement had not anticipated the recording of investment properties revaluation in the profit and loss account, as required by the new HKAS 40 "Investment Property" with effect from 1st January, 2005.

For the sole purpose of computation of incentive fees, YMIM agrees to maintain the adoption of the old HKSSAP 13 "Accounting for Investment properties" in which the unrealised gain arising from the revaluation of investment properties (the "Unrealised Gain") is not dealt with in the income statement, but as movements in the investment property revaluation reserve. On the eventual disposal of the relevant investment properties, the relevant portion of the investment property revaluation reserve realised in respect of the previous valuations will be released to the income statement. As a result, the computation of the incentive fee should not take into account any Unrealised Gain recognised in the income statement but should be based on the surplus of the sale price over the acquisition costs at the time the relevant investment properties are actually disposed of.



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然而，由於本集團在二零零五年已就應佔聯營公司業績物業重估盈餘記錄會計溢利，因此即使有關物業於隨後年度以遠高於其收購成本之價格出售，亦可能不會在該年度錄得會計溢利。於該情況下，獎金費用乃按照(其中包括)該項「已變現」溢利仍然將於出售年度支付予禹銘投資管理之基準計算，而毋須理會本集團於該年度之申報溢利。

財政狀況

本集團已透過借貸增加於零售投資物業之投資。於二零零五年底，借貸金額約為485,000,000港元。

外匯風險

於二零零五年十二月三十一日，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計值之債務證券，並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。

擔保

本公司就持有旺角中心之控股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。該控股公司於二零零五年十二月三十一日欠該銀行之未償還債項約為445,000,000港元(於二零零四年十二月三十一日：約為230,000,000港元)。

本公司就一間全資附屬公司所獲一間財務機構提供不超過15,000,000美元之信貸額提供擔保。於二零零五年十二月三十一日之未償還債項約為1,100,000歐羅(於二零零四年十二月三十一日：約為4,400,000歐羅)。

員工成本

本集團於本年度之員工成本總額合共約332,000港元(二零零四年：358,294港元)。

主席
馮永祥

香港，二零零六年三月二十四日

However, as the Group already recorded an accounting profit for property revaluation surplus in share of results of associates in 2005, it is possible that no accounting profit would be reported when the relevant properties were disposed of in subsequent years at a price well above its acquisition cost. In that case, an incentive fee computed on, inter alia, the basis of such "realized" disposal profit would still be payable to YMIM in the year of the disposal, irrespective of the Group's reported profit in that year.

Financial position

The Group has leveraged itself in increasing its investment in retail investment properties. As at the end of 2005, borrowing amounted to approximately HK\$485,000,000.

Foreign exchange exposure

As at 31st December, 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.

Guarantee

The Company has given a guarantee to a bank to secure the outstanding indebtedness due by the holding company of the Argyle Centre, for an amount attributable to the Group's equity interests. The amount of outstanding indebtedness due by the property holding company to this bank as at 31st December, 2005 was approximately HK\$445 million (as at 31st December, 2004: approximately HK\$230 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 as at 31st December, 2005 was approximately Euro 1.1 million (as at 31st December, 2004: approximately Euro 4.4 million).

Staff costs

The Group's total staff costs for the year under review amounted to approximately HK\$332,000 (2004: HK\$358,294).

Fung Wing Cheung, Tony
Chairman

Hong Kong, 24th March, 2006