

BUSINESS REVIEW AND OUTLOOK

業務回顧及展望

RESULTS AND FINANCIAL HIGHLIGHTS

業績及財務概覽

The results and financial position of the Group for the period under review are summarised in the table below:

本集團於回顧期之業績及財務狀況於下表概述：

Results	Notes	Six months ended 30th September,		Percentage change
		2004	2003	
業績	附註	二零零四年 截至九月三十日 止六個月	二零零三年	百分比變動
Consolidated turnover (HK\$'million) 綜合營業額 (百萬港元)		1,704.9	1,698.4	+0.4%
Profit from operations (HK\$'million) 經營業務所得溢利 (百萬港元)	a	58.9	29.0	+103.1%
Profit for the period (HK\$'million) 期內溢利 (百萬港元)	b	26.3	47.6	-44.8%
Basic earnings per ordinary share (HK cents) 每股普通股基本盈利 (港仙)	b	2.6	6.1	-57.4%
Financial position		As at 30th September, 2004 於二零零四年 九月三十日	As at 31st March, 2004 於二零零四年 三月三十一日	Percentage change
財務狀況				百分比變動
Total assets (HK\$'million) 總資產 (百萬港元)		6,434.5	4,982.5	+29.1%
Shareholders' funds (HK\$'million) 股東資金 (百萬港元)		1,360.4	1,353.2	+0.5%
Current ratio 流動比率		1.57	1.58	-0.6%

Notes:

附註：

- (a) Increase mainly due to the improvement of the profit margin of the construction business of the group of Paul Y. - ITC Construction Holdings Limited ("Paul Y. - ITC").
- (b) Decrease mainly due to the share of loss of China Strategic Holdings Limited ("China Strategic") by Paul Y. - ITC and decrease in interests in Downer EDI Limited ("Downer") by Paul Y. - ITC which resulted in the decrease in net contribution from associated companies.

- (a) 增加主要由於保華德祥建築集團有限公司(「保華德祥」)之集團建築業務之利潤率改善。
- (b) 減少主要由於保華德祥攤佔中策集團有限公司(「中策」)之虧損以及保華德祥於Downer EDI Limited(「Downer」)之權益減少導致聯營公司之淨貢獻減少。



REVIEW OF OPERATIONS

Paul Y. - ITC

The principal activities of the Paul Y. - ITC group include building construction, civil engineering, specialist works, property development and investment, development and investment in infrastructure projects and manufacturing and trading of construction materials. In addition, the Paul Y. - ITC group holds investments in major associates including Downer and China Strategic.

The thin margin construction contracts associated with the residual effect of the financial crisis and property slump in the past years have been completed. Improvement in gross margin of the construction business was achieved during the period under review.

During the period, the Paul Y. - ITC group secured new contracts with an aggregate value of approximately HK\$2,795 million, of which some HK\$2,263 million were building construction contracts, some HK\$438 million were civil engineering contracts and some HK\$94 million were specialist works.

As at 30th September, 2004, contracts on hand and the value of work remaining of the Paul Y. - ITC group were HK\$9,309 million and HK\$5,865 million, respectively. The profile of contracts on hand as at 30th September, 2004 is as follows:

業務回顧

保華德祥

保華德祥集團之主要業務包括樓宇建築工程、土木工程、專項工程、物業發展及投資、基建項目之發展及投資，以及建築材料製造及貿易。此外，保華德祥集團持有包括Downer與中策在內之主要聯營公司投資。

過去數年來金融危機與樓市低迷導致建築合約利潤微薄之時終於過去，建築業務於回顧期內之毛利已見改善。

於本期間內，保華德祥集團取得總值約2,795,000,000港元之新工程合約，包括約2,263,000,000港元之樓宇建築工程合約、約438,000,000港元之土木工程合約及約94,000,000港元之專項工程合約。

於二零零四年九月三十日，保華德祥集團之持有工程合約及餘下工程價值分別為9,309,000,000港元及5,865,000,000港元。於二零零四年九月三十日，持有工程合約之資料如下：

		Value of contracts on hand as at 30th September, 2004 於二零零四年 九月三十日 持有工程合約價值 HK\$'million 百萬港元	Value of work remaining as at 30th September, 2004 於二零零四年 九月三十日 餘下工程價值 HK\$'million 百萬港元
Building construction	樓宇建築工程	6,880	4,238
Civil engineering	土木工程	1,474	1,067
Specialist works	專項工程	955	560
		9,309	5,865

The uptrend in the Paul Y. - ITC group's remaining work-on-hand and gross margin continues. The Paul Y. - ITC group also adopts a design and build procurement method on a cost plus basis in order to improve margins for construction contracts which as a result, has successfully enable the Paul Y. - ITC group to secure a hotel design and build contract in Macau during the period. With the ongoing vigorous cost saving measures, performance of all construction business segments of the Paul Y. - ITC group improves satisfactorily.

保華德祥集團餘下工程及毛利增加之勢持續，其亦已採納提成基準設計施工統包之方式以提升建築合約之利潤，促使保華德祥集團於期內成功奪得澳門一項酒店設計施工合約。憑藉持續不懈之節省成本措施，保華德祥集團各建築業務分部表現皆取得滿意之改善。

For property operations, the Group's investment property at Paul Y. Centre, being the Group's headquarters in Kwun Tong has recorded a stable overall rental return with an occupancy rate maintained at a level of around 91% at the period end.

For the six months ended 30th September, 2004, Paul Y. - ITC reported a consolidated profit for the period of HK\$38.1 million, and its overall after tax contribution to the Group was a profit of HK\$25.5 million.

On 20th October, 2004, the Company disposed of 77 million shares in Paul Y. - ITC pursuant to the mandate approved by the ordinary shareholders of the Company on 6th October, 2004. Following the disposal on 20th October, 2004 and the receipt of scrip shares from Paul Y. - ITC on 29th October, 2004, the Group's interest was decreased from 55.06% as at 30th September, 2004 to 49.58% as at the date of this report, and Paul Y. - ITC has become an associated company of the Company with effect from 20th October, 2004. Details of the mandate and the disposal were disclosed in the Company's circulars dated 21st September, 2004 and 5th November, 2004, respectively.

Subsequent to the period end, the Paul Y. - ITC group has disposed of its entire shareholding in Downer:

- In November 2004, pursuant to the incentive option agreement entered into with Paul Y. - ITC in April 2003, a company controlled by certain executives of Downer has purchased from the Paul Y. - ITC group 5.5 million shares in Downer at A\$2.2 each, in aggregate amounting to approximately A\$12.1 million (approximately HK\$72.6 million); and
- In December 2004, the Paul Y. - ITC group has disposed of the remaining approximately 56.2 million shares in Downer at a price of A\$4.55 each to independent third parties. The gross sale proceeds arising from the disposal amount to approximately A\$255.8 million (approximately HK\$1,504 million).

在物業業務方面，本集團之投資物業保華企業中心為本集團位於觀塘之總部，其錄得穩定之租金回報，並在本期間結束時維持佔用率約91%之水平左右。

截至二零零四年九月三十日止六個月，保華德祥錄得期內綜合溢利38,100,000港元，其整體對本集團之除稅後貢獻則為溢利25,500,000港元。

於二零零四年十月二十日，本公司根據本公司普通股股東於二零零四年十月六日批准之授權出售77,000,000股保華德祥股份。緊隨二零零四年十月二十日之出售以及於二零零四年十月二十九日收到保華德祥發行之代息股份，本集團持有之保華德祥權益由二零零四年九月三十日之55.06%減至於本報告刊發日期之49.58%，而保華德祥亦由二零零四年十月二十日起成為本公司之聯營公司。上述授權及出售事項之詳情已分別於本公司在二零零四年九月二十一日及二零零四年十一月五日刊發之通函內披露。

於本期間之結算日之後，保華德祥集團已出售其於Downer之全部股權，詳情如下：

- 於二零零四年十一月，根據與保華德祥於二零零三年四月訂立之獎勵選擇權協議，Downer若干行政人員控制之一間公司已按每股Downer股份2.2澳元向保華德祥集團購入5,500,000股Downer股份，總作價約為12,100,000澳元（約72,600,000港元）；及
- 於二零零四年十二月，保華德祥集團以每股4.55澳元將其餘約56,200,000股Downer股份出售予獨立第三方。出售產生之款項約為255,800,000澳元（約1,504,000,000港元）。



Strategic Investments

During the six months ended 30th September, 2004, the Group continued to hold significant interests, both directly or indirectly, in a number of companies listed in Hong Kong, Canada, Australia, New Zealand, Singapore, Germany and the United States ("US") pursuant to its long term strategy of exploring potential investments and enhancing the value of its strategic investments by active participation in or close liaisons with the management of the companies invested by the Group. As at 30th September, 2004, the Group had the following strategic investments:

Listed strategic investments directly held

Hanny Holdings Limited ("Hanny")

The Hanny group is principally engaged in the manufacture, distribution and marketing of data storage media (primarily floppy disks, CD-R, CD-RW and DVD); distribution and marketing of computer accessories, storage media drives and household electronic products; and securities trading. The Hanny group also makes strategic investments in information technology, Internet, Internet-related and other businesses. For the six months ended 30th September, 2004, Hanny reported a consolidated loss for the period of HK\$25.0 million and its after tax contribution to the Group was a loss of HK\$6.1 million.

Burcon NutraScience Corporation ("Burcon")

Burcon is a research and development company developing a portfolio of composition, application and process patents around its plant protein extraction and purification technology. The goal of Burcon's research is to develop its patented process to utilize inexpensive oilseed meals for the production of purified plant proteins that exhibit valuable nutritional, functional or nutraceutical profiles. Burcon is currently focusing its efforts on developing the world's first commercial canola proteins, namely Puratein® and Supertein™ (the "Products"). Canola, recognised for its nutritional qualities, is the second-largest oilseed crop in the world after soybeans. Burcon's goal is to develop the Products to participate with soy, dairy and egg proteins in the expanding multi-billion-dollar protein ingredient market, with potential uses in prepared food, nutritional supplements and personal care products. For the six months ended 30th September, 2004, Burcon's after tax contribution to the Group was a loss of HK\$2.7 million.

Downer

Downer provides comprehensive engineering and infrastructure management services to the public and private power, rail, road, telecommunications, mining and minerals processing sectors in Australia, New Zealand, Asia and the Pacific. Its business is organized through four main divisions, namely Downer Engineering (engineering division), Works Infrastructure (infrastructure division), Roche Mining (mining division), and EDI Rail (rail division) that have common core competencies. These core competencies include value-adding skills in design, project and facilities management, operations and maintenance to provide clients with single source solutions.

策略性投資

於截至二零零四年九月三十日止六個月內，本集團繼續直接或間接持有於香港、加拿大、澳洲、紐西蘭、新加坡、德國及美利堅合眾國（「美國」）之上市公司之重大權益，以貫徹其物色具潛力投資項目之長遠策略，並透過積極參與管理本集團所投資公司或與有關公司之管理層緊密聯繫以提高本集團之策略性投資項目之價值。於二零零四年九月三十日，本集團之策略性投資項目如下：

直接持有之上市策略性投資項目

錦興集團有限公司（「錦興」）

錦興集團主要從事生產、分銷及推廣資料儲存媒體產品（主要為軟磁碟、收錄光碟、重寫光碟及數碼視象光碟）、分銷及推廣電腦配件、儲存媒體驅動器及家居電子產品，以及證券買賣。錦興集團亦在資訊科技、互聯網、互聯網相關業務及其他業務作出策略性投資。於截至二零零四年九月三十日止六個月，錦興錄得之期間綜合虧損為25,000,000港元，其對本集團之除稅後貢獻則為虧損6,100,000港元。

Burcon NutraScience Corporation（「Burcon」）

Burcon為研究開發公司，現正採用植物蛋白質淨化及提取技術發展一系列之合成、應用及加工專利權。Burcon研究之目標是自行開發利用廉宜之油籽粉以生產營養價值高、效能廣泛及有健康效果之淨化植物蛋白質之專利工序。Burcon目前致力發展全球首種商用芥花籽蛋白質 Puratein®及 Supertein™（「有關產品」）。公認具備豐富營養價值之芥花籽為加拿大產量最高之油籽穀物及緊隨大豆之後世界第二產量最高之油籽穀物。Burcon之目標是以發展有關產品參與大豆、奶類及蛋類蛋白質在數以十億元計並不斷擴大之蛋白質成份市場，而有關產品更可用於預製食品、營養補充劑及個人護理產品。截至二零零四年九月三十日止六個月，Burcon對本集團之除稅後貢獻為虧損2,700,000港元。

Downer

Downer為澳洲、紐西蘭、亞洲及太平洋地區之公營及私營電力、鐵路、公路、電訊、礦務及礦物加工行業提供全面之工程及基建管理服務。該公司業務由四項同樣擁有所專注之核心技术之主要分支業務組成，包括 Downer Engineering（工程部門）、Works Infrastructure（基建部門）、Roche Mining（礦務部門）及 EDI Rail（鐵路部門）。該等核心技术包括於設計、項目及設施管理、營運及保養等之增值技能，為客戶提供單一來源之解決方案。

China Strategic

China Strategic is an investment holding company. Through its subsidiaries, China Strategic is engaged in the business of manufacturing of batteries and property investment and development business in the Mainland (being the People's Republic of China and, for the purpose of this report, excluding Hong Kong and Macau); and through its associates it is also engaged in manufacturing and marketing of tires in the Mainland and other countries abroad; and the business of providing package tours, travel and other related services; and hotel and leisure related business.

Listed strategic investments indirectly held*PSC Corporation Ltd. ("PSC")*

The PSC group is principally engaged in manufacturing of food and other consumer products, distribution of food and other fast moving consumer goods, logistics and franchising; healthcare consultancy and services; and education. In addition it is a significant player in Singapore's convenience stores with a network of about 130 franchise retail outlets.

China Enterprises Limited ("China Enterprises")

China Enterprises is an investment holding company and has substantial interests in other investment companies, which through their subsidiaries are principally engaged in the manufacturing and marketing of tires in the Mainland and other countries abroad; and the business of providing package tours, travel and other related services; and hotel and leisure related business. Recently, China Enterprises is engaged in property business by the acquisition of a property in Shanghai.

MRI Holdings Limited ("MRI")

MRI, as an investment company, has continued to make considerable effort to identify suitable investments that fit the approved investment criteria.

Wing On Travel (Holdings) Limited ("Wing On Travel")

Wing On Travel group is principally engaged in the provision of package tours, travel and other related services; and hotel and leisure related business. Wing On Travel group has a substantial interest in a hotel chain branded under the name of "Rosedale" in the Mainland and Hong Kong. Wing On Travel is one of the most experienced and largest local travel agency, and is a well-known expert in the travel industry having extensive experience in marketing and promoting tour business with far-reaching global network and connections in tour operation.

中策

中策乃一家投資控股公司，其透過附屬公司在國內從事電池製造、物業投資及發展業務，並透過聯營公司在國內（即中華人民共和國（就本報告而言不包括香港及澳門））及其他海外國家從事輪胎製造及推廣、提供旅遊團、旅遊及其他相關服務、以及酒店及休閒服務。

間接持有之上市策略性投資項目*普威聯營有限公司（「普威聯營」）*

普威聯營集團主要從事食品及其他消費品之製造、食品及其他快速流通消費商品之分銷、物流及特許經營、保健諮詢及服務以及教育。此外，普威聯營於新加坡之便利店市場佔有重要地位，擁有由大約130間特許經營分店組成之網絡。

China Enterprises Limited（「China Enterprises」）

China Enterprises為一間投資控股公司，其於若干投資控股公司持有重大權益，旗下附屬公司之主要業務為在國內及其他海外國家生產及銷售輪胎，並從事提供旅遊團、旅遊及其他相關服務，以及酒店及休閒相關業務之業務。China Enterprises近日透過收購一項位於上海之物業發展物業業務。

MRI Holdings Limited（「MRI」）

MRI為一間投資公司，現正繼續積極物色符合既定投資範圍之投資良機。

永安旅遊（控股）有限公司（「永安旅遊」）

永安旅遊集團主要從事提供旅遊團、旅遊及其他相關服務，以及酒店及休閒相關業務，亦擁有在國內及香港以「珀麗」為名稱經營之連鎖酒店之重大權益。永安旅遊為其中一間最富經驗及最大規模的本地旅行社之一，並為旅遊行業之專家，於推廣及宣傳旅遊業務方面擁有豐富經驗，且在旅遊營運方面擁有遍及全球各地之全球網絡及聯繫。



The Group's interests in listed subsidiary and strategic investments are summarised below:

本集團於上市附屬公司及策略性投資項目之權益概述如下：

Listed subsidiary and strategic investments directly held

直接持有之上市附屬公司及策略性投資項目

Name of investee company	Place of listing	Shareholding percentage 股權百分比	
		As at 30th September, 2004 於二零零四年九月三十日	As at the date of this report 於本報告刊發日期
Paul Y. - ITC 保華德祥	Hong Kong Stock Exchange 香港聯交所	55.1%	49.6%
Hanny 錦興	Hong Kong Stock Exchange 香港聯交所	24.6%	20.5%
Burcon	TSX Venture Exchange and Frankfurt Stock Exchange TSX Venture Exchange及 法蘭克福證券交易所	25.0%	25.0%
Downer	Australian Stock Exchange and New Zealand Stock Exchange 澳洲證券交易所及 新西蘭證券交易所	11.7% <i>Effective interest</i> 實際權益 (Note a) (附註a)	–
China Strategic 中策	Hong Kong Stock Exchange 香港聯交所	23.4% <i>Effective interest</i> 實際權益 (Note b) (附註b)	20.6% <i>Effective interest</i> 實際權益 (Note b) (附註b)

Listed strategic investments indirectly held

間接持有之上市策略性投資項目

Name of investee company	Place of listing	Effective interest 實際權益	
		As at 30th September, 2004 於二零零四年 九月三十日	As at the date of this report 於本報告 刊發日期
所投資公司之名稱	上市地點		
PSC 普威聯營	Singapore Exchange Securities Trading Limited 新加坡證券交易所	5.6% (Note c) (附註c)	4.3% (Note c) (附註c)
China Enterprises	OTC Bulletin Board, US 美國場外交易議價板	12.9% (Note d) (附註d)	11.4% (Note d) (附註d)
MRI	Australian Stock Exchange 澳洲證券交易所	13.4% (Note d) (附註d)	11.8% (Note d) (附註d)
Wing On Travel 永安旅遊	Hong Kong Stock Exchange 香港聯交所	4.2% (Note e) (附註e)	2.2% (Note e) (附註e)

Notes:

- (a) The Group's interest is held through its direct interest in Paul Y. - ITC .
- (b) The Group's interest is held through its direct interests in Paul Y. - ITC and Hanny.
- (c) The Group's interest is held through its direct interest in Hanny.
- (d) The Group's interest is held through its effective interest in China Strategic.
- (e) The Group's interest is held through its indirect interest in China Enterprises.

附註：

- (a) 本集團之權益透過其於保華德祥之直接權益持有。
- (b) 本集團之權益透過其於保華德祥及錦興之直接權益持有。
- (c) 本集團之權益透過其於錦興之直接權益持有。
- (d) 本集團之權益透過其於中策之實際權益持有。
- (e) 本集團之權益透過其於China Enterprises之間接權益持有。

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. A variety of credit facilities is maintained to meet its working capital requirements. Cash, bank balances and deposits as at 30th September, 2004 amounted to approximately HK\$270.3 million. As at 30th September, 2004, the Group had bank borrowings of approximately HK\$568.4 million and other loans of approximately HK\$17.3 million of which HK\$109.4 million and HK\$17.3 million, respectively, are repayable within one year or on demand. In addition, there is a loan from a minority shareholder of approximately HK\$241.0 million which are repayable after one year. The convertible notes in an aggregate principal amounts of HK\$289.5 million will be redeemed on 3rd March, 2006 (or the next following business day if it is not a business day) unless previously converted, redeemed or purchased and cancelled.

All of the Group's borrowings are at floating interest rates and the Group's current ratio was 1.57 as at 30th September, 2004.

流動資金及財務資源

本集團在整體業務運作方面採取審慎理財政策。本集團維持多項可供隨時提用之信貸以應付營運資金需求。於二零零四年九月三十日，本集團之現金、銀行結餘及存款約為270,300,000港元。於二零零四年九月三十日，本集團之銀行借款約為568,400,000港元，而其他貸款則約為17,300,000港元，其中須於一年內償還或按通知償還之部份分別約109,400,000港元及約17,300,000港元。此外，現時有一筆由少數股東提供約241,000,000港元之貸款須於一年後償還。除非先前獲兌換、贖回或購買及註銷，否則本金額合共289,500,000港元之可換股票據將會在二零零六年三月三日（如當日並非辦公日，則在隨後之辦公日）贖回。

本集團之借款全部按浮動息率計息。於二零零四年九月三十日，本集團之流動比率為1.57。

