

## Management Discussion and Analysis 管理層討論及分析

### REVIEW OF OPERATIONS

#### The Market

The Hong Kong stock market remained buoyant in the first half of 2004. The Hang Seng Index almost reached a three-year intraday high, climbing to 14,058.21 on 1 March, before profit-taking took over and the period closed at 12,285.75; 290 points lower than the year end of 2003. The bullish sentiment evolving in 2003 continued into the first quarter of 2004 and was liquidity driven as institutional investors diverted their investments from US Treasuries and other long-term debt instruments into equities.

However, investor sentiment altered in the second quarter of 2004 due to the surging oil price, fears of interest rate hikes in the US, and cooling measures imposed on the PRC economy. These factors resulted in a second quarter sell off. The daily average market turnover dropped from a level exceeding HK\$20 billion in January to less than HK\$10 billion in June. For the whole of the first half of 2004, the average daily market turnover was HK\$16.68 billion compared to HK\$6.96 billion for the first half of 2003.

#### Securities Broking

The turnover and brokerage income of our Securities Broking division enjoyed strong growth in line with the buoyant stock market conditions. New account openings increased significantly during the period, benefiting from a surge in capital-raising and corporate activities. We participated in 42 issues including new share offerings, sub-underwritings and placements of equities for clients.

The income stream derived as a Liquidity Provider of derivative warrants and Equity Linked Instruments to derivative issuers has increased by more than 60% compared with the previous half-year. Our income from institutional and corporate clients has also increased considerably, compensating for the lower income earned through the provision of third party execution services to non-exchange participants.

As the business has continued to expand and grow over the last half-year period, the need has arisen to lease additional office space. We are confident in pursuing our long-term growth strategy into the second half of 2004, and beyond.

#### 業務回顧

##### 股票市場

香港股票市場在二零零四年上半年表現持續向好。恒生指數於三月一日上升至14,058.21點，創出三年以來之單日高位，其後大市湧現沽壓，上半年完結時恒指收報12,285.75點，較二零零三年度結束時（十二月三十一日）下跌290點。隨著機構投資者將資金由美國國庫債券及其他長期債務票據轉至股票市場，大市在資金推動下，牛市氣氛由二零零三年一直延續至二零零四年首季。

然而，由於油價急升、市場憂慮美國利率趨升以及中國推出冷卻經濟措施，投資氣氛在二零零四年第二季出現逆轉，致使第二季出現拋售情況。大市每日平均成交金額由一月份超逾200億港元之水平縮減至六月份不足100億港元。在二零零四年上半年，大市每日平均成交金額為166.8億港元，二零零三年上半年則為69.6億港元。

##### 證券經紀業務

隨著股票市場市況造好，集團證券經紀業務之營業額及佣金收入均錄得強勁增長。受惠於集資及融資活動急增，新增賬戶數目因而大幅上升。期內，集團為客戶參與新股發行、股份分包銷及配售共42宗。

集團為衍生工具發行人擔任衍生認股權證及股票掛鈎票據流通量提供者所帶來之收入，較二零零三年下半年上升逾60%。集團來自機構及公司客戶之收入亦錄得可觀增長，彌補集團向非交易所參與者提供第三方交易執行服務上收入之跌幅。

鑑於此項業務於二零零三年下半年持續擴展及增長，集團需租用更多辦公室空間以應付需求。集團有信心能在二零零四年下半年及之後繼續貫徹其長遠增長之策略。

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### SHK Online

SHK Online began 2004 with strong momentum, establishing a new record in January for monthly net profit. New accounts and turnover continued to grow throughout the first quarter, while the second quarter was somewhat quieter. As a whole, the number of accounts increased by 22% during the first half of 2004. Transaction value is up approximately 230% relative to the corresponding period ended 30 June 2003, and 50% relative to the previous half-year.

The second half of 2004 has begun on a more subdued note for the general market. Accordingly, it is likely that the pace of growth in new account openings and turnover will soften slightly. However, well-targeted marketing together with effective client acquisition programmes should assist future performance. The recent launch of SHK Online's US trading facility, provided through Pershing LLC, together with additional products planned for the eFutures channel, is expected to provide impetus for future growth.

### Foreign Exchange, Bullion, Commodities, Financial Futures and Other Products

Throughout the first half of 2004 the financial markets have been focused on the US Federal Fund rate. Talk of interest rate increases has resulted in a dampening in the foreign exchange market. We have experienced significant declines in transaction volumes, dealing profits and interest income, relative to the same period in 2003.

The drop in our foreign exchange business has been offset by the remarkable growth in both Hong Kong commodities products (40% increase in transaction volume) and US commodities products (60% increase in transaction volume). Instability in the Middle East, and the outlook for interest rates have both continued to drive the oil price upward. As a result, it is likely that much of our attention in the commodity markets will be directed towards oil futures for the second half of 2004.

The introduction of our eFutures initiative to our traditional Account Executive network in the first quarter of 2004 was well supported by both the clients and Account Executives, and we are enthusiastic about its future contribution to our business.

### 鴻財網

鴻財網之業務在二零零四年展現強勁動力，一月份更刷新每月純利最高紀錄。首季新增賬戶數目及營業額持續增長，但第二季表現則較為淡靜。整體來看，二零零四年上半年賬戶數目增長22%，成交額較截至二零零三年六月三十日止期間躍升230%，與二零零三年下半年相比則上升50%。

二零零四年下半年初期大市交投淡靜，故預期鴻財網之新增賬戶數目及營業額之增長步伐或會略為放緩。然而，鴻財網推出目標清晰之市場推廣活動，加上奏效之客戶吸納計劃，應有助其日後之業務表現。鴻財網最近透過Pershing LLC推出美國股市交易服務，並計劃推出其他電子期貨方面之產品，可望提升鴻財網日後之增長動力。

### 外匯、黃金、商品、期貨及其他產品

二零零四年上半年，金融市場將焦點放在美國聯儲局利率上，加息傳言導致外匯市場表現疲弱。期內，集團在外匯業務之成交量、交易利潤及利息收入均較去年同期大幅下跌。

期內，集團在香港商品期貨(成交量增長40%)及美國商品期貨(成交量增長60%)方面之業務均錄得顯著增長，抵銷了外匯業務下滑之影響。此外，中東局勢以及利率前景不穩定均持續推動油價向上。因此，相信在二零零四年下半年集團會將大部份注意力由商品市場轉投期油市場。

集團已於二零零四年首季為傳統經紀網絡引入電子期貨交易服務，並得到客戶以及經紀之全力支持，集團期望此項服務日後能為其業務帶來貢獻。

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The transaction volumes in precious metals in the first half of 2004 were slightly lower than those in the corresponding 2003 period. Given that sound markets prevail, we anticipate that our income streams from the provision of transaction services will remain strong in the second half of 2004.

### Branch Network

The focus for branch management in the first half of 2004 has been on the continued training and professional development of our sales staff, and the long-term promotion of our Company through client education programmes. Initiatives such as investment seminars (held in conjunction with SHK Research), site/factory visits of listed companies for branch clients, and mutual fund seminars have been well received and have strengthened client relationships. Following the opening of our Customer Service Centre in the second half of 2004, we expect an overall increase in client satisfaction, and continuing improvement in the branches' contribution to the Company's bottom-line.

### Research

The SHK Research division published 103 reports and attended 364 company visits/presentations in the first half of 2004 (compared with 165 reports and 267 visits in the corresponding 2003 period).

Our top 20 calls during the first six months outperformed the Hang Seng Index by a range of 12.3% to 62.2%. With our research quality being increasingly recognized, we experienced a further growth in media exposure with a total of 1,602 quotes in the first half of 2004 (as compared to 1,504 for the same period last year).

The breakdown of calls by our committed and independent research team for the first half of 2004 is as follows: Buy 49%, Hold 34%, Sell 17%.

### Corporate Finance

In the first half of the year, the Corporate Finance division successfully completed the secondary placement of shares of Sinotronics Holdings Limited and Champion Technology Holdings Limited. The division was also involved in the placement of B shares of 京東方科技集團股份有限公司 (BOE Technology Group Co., Ltd.) which is listed on the Shenzhen Stock Exchange, PRC.

二零零四年上半年貴金屬之成交量較去年同期輕微下跌，如市況持續理想，集團預期二零零四年下半年來自有關交易服務之收入將維持強勁。

### 分行網絡

集團於二零零四年上半年之分行管理策略，重點為向其營銷僱員提供持續培訓及專業發展，並透過各項客戶教育計劃長遠提高本公司之知名度。分行為客戶舉辦(與新鴻基資料研究部聯合舉辦)之投資講座、上市公司之零售店/廠房探訪以及互惠基金講座均深受客戶歡迎，藉此進一步鞏固了與客戶之關係。隨著集團之客戶服務中心於二零零四年下半年啟用後，預期可為客戶提供更滿意之服務，並將持續提升分行對本公司業績之貢獻。

### 資料研究

新鴻基資料研究部於二零零四年上半年共刊發了103份報告，出席了364次公司探訪/簡報會(相對於去年同期刊發了165份報告及出席了267次探訪)。

集團於首六個月內推介買入之股份中表現最佳20隻的股價升幅均優於恒生指數，幅度介乎12.3%至62.2%之間。隨著集團之研究質素日漸受到認同，分析報告獲媒體引述的次數亦不斷上升，二零零四年上半年被引述1,602次(相對於去年同期被引述1,504次)。

於二零零四年上半年，由研究部致力分析並作出之獨立投資建議細分如下：買入49%、持有34%及沽售17%。

### 企業融資

二零零四年上半年，企業融資部成功為華翔微電子控股有限公司及冠軍科技集團有限公司在交易市場進行股份配售，並參與於中國深圳交易所上市之京東方科技集團股份有限公司之B股配售活動。

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The division was the financial adviser to Wonderful World Holdings Limited on the proposed open offer to qualifying shareholders, the financial adviser to COL Capital Limited on the general offer for the repurchase of shares, and the independent financial adviser to Melco International Development Limited and Shanghai Century Holdings Limited on the major & connected transaction and discloseable & connected transaction respectively. Furthermore, the division was actively involved in a number of underwriting exercises for IPO issues.

### Securities Margin Financing

Notwithstanding the reduced market activity in the second quarter, we have been able to maintain a similar level of outstanding loans on our margin finance book to that experienced in the corresponding 2003 period.

### Term Lending

Our term lending activity level for the first half of 2004 was consistent with the first half-year of 2003. This segment of our business continues to make a satisfactory contribution to profit.

### Wealth Management

SHK Wealth Management experienced a solid first half in 2004, almost doubling both its 'assets under management' and revenue relative to the same period in 2003.

This robust performance is reflective of the strong team in SHK Wealth Management and the well-balanced business model that has been adopted. The outlook for the second half of 2004 is positive; the platform now carries over 1000 funds from 33 global mutual fund companies; 'assets under management' continues to grow at a steady rate, and we continue to be competitive in attracting the top-tier consultants in the industry.

### Alternative Investments

For SHK Fund Management's Alternative Investments division, the second quarter of 2004 proved to be a difficult environment in global financial markets. Investors focused on US employment and macroeconomic data, which were positive, yet raised concerns of impending inflationary pressures. This, in conjunction with renewed concerns regarding terrorism and uncertainty surrounding the US presidential elections set a nervous tone in the markets and caused strong volatility across most market sectors throughout the second quarter.

就榮德豐控股有限公司擬向其合資格股東提出之股份公開發售建議、中國網絡資本有限公司以收購方式購回股份之建議，部門亦獲委任為該等公司之財務顧問，並分別就新濠國際發展有限公司及上海世紀控股有限公司之重大與關連交易及須予披露與關連交易出任獨立財務顧問。此外，部門亦積極參與了數間公司首次公開招股之承銷工作。

### 證券放款

儘管第二季股票市場活動減少，集團證券放款方面之未償還借款仍然維持與去年同期之水平。

### 有期借款

集團於二零零四年上半年之有期借款水平與二零零三年上半年相若，並持續為集團帶來令人滿意之盈利貢獻。

### 資產管理

新鴻基優越理財於二零零四年上半年表現理想，其「託管資產」及收益均較去年同期增長近兩倍。

此良好表現充份顯示新鴻基優越理財不僅擁有出色的員工隊伍，其採納之業務模式也力求均衡全面。展望二零零四年下半年，該部門之表現仍然樂觀，其服務平台目前共有來自33間全球互惠基金公司逾一千種基金可供選擇，預期部門之「託管資產」將持續穩定增長，而在吸納業界頂尖基金顧問方面，將可繼續維持其競爭力。

### 另類投資

新鴻基投資管理之另類投資部在二零零四年第二季之表現反映了全球金融市場環境困難。雖然美國之就業及宏觀經濟數據理想，投資者對即將來臨之通脹壓力卻甚為關注，再加上憂慮恐怖襲擊捲土重來以及圍繞美國總統大選之不明朗因素，市場瀰漫著緊張的氣氛。因此，大部份市場界別在整個第二季均呈現大幅波動之現象。

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As a result, Alternative Investments' interest rate sensitive funds witnessed some outflows, with funds stabilizing around US\$210 million by the end of the first half of 2004. In January 2004, Alternative Investments launched the SHK Value Restructuring Fund, its second sub-fund in the SHK Global Strategy Fund range. The fund focuses on the Distressed Debt market, which is a sector that we believe will continue to generate investor interest through sound returns.

We are optimistic about the future prospects of both our funds and are looking forward to positive returns and solid fund inflows for the second half of 2004.

### Insurance Broking

The general insurance industry suffered from soft market conditions in the first half of 2004 with premiums dropping sharply, in some cases by more than 20%. Property and Casualty insurance bore the brunt of premium shrinkage, although this weakness was largely offset by new business.

Despite the difficult market conditions, the division was able to achieve growth of approximately 10% through increased market penetration, offering additional insurance solutions to our existing client network, and our ability to maintain flexibility and quickly focus on attractive market segments such as Financial/Professional Risk, and the buoyant Property and Hotels sectors in Macau.

We continue to explore partnership opportunities in Mainland China as part of our long-term growth strategy.

### Electronic Financial Information Service

SHK Financial Data Limited ("SHK Financial Data") continued to maintain its position as one of the leading information content providers of comprehensive financial information covering Hong Kong equity markets. During the period under review, its turnover has increased broadly in line with the overall improvement in sentiment in financial markets and the local economy while its net profit margin has improved significantly.

故此，另類投資部之利率敏感性基金出現部份資金外流情況，但於二零零四年上半年完結前資金已保持在約2.1億美元之水平。二零零四年一月，另類投資部推出新鴻基環球策略基金系列中第二個成份基金——新鴻基價值重建基金，此基金專門投資於受壓債務市場，由於回報理想，相信此市場界別將繼續引起投資者之興趣。

集團對旗下基金之前景甚為樂觀，展望二零零四年下半年，各個基金將可獲得理想回報並吸引資金流入。

### 保險經紀

二零零四年上半年整個保險市場表現疲弱，保費大幅下跌（部份跌幅超過20%），保險經紀部在財產及意外保險方面之保費收入尤其銳減，儘管其新增業務已大大抵銷了此負面影響。

雖然市場環境困難，但憑藉保險經紀部市場滲透率之提升、向現有客戶網絡積極提供新穎的保險方案、維持靈活性以及迅速掌握具吸引力之市場契機，如財務／專業風險以及澳門物業及酒店行業蓬勃發展之趨勢，致使該部門業務錄得約10%之增長。

作為一項長遠增長策略，集團將繼續拓展在中國內地之合作商機。

### 電子財經資訊服務

新鴻基財經資訊有限公司（「新鴻基財經資訊」）繼續維持其作為綜合財經資訊（包括香港股票市場）內容供應商之領導地位。期內，隨著金融市場氣氛以及本地經濟情況改善，其營業額有所增長，邊際利潤亦顯著上升。

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Its newly developed products, "Market Calendar" and "Intelligent Stock Monitor", have both received positive responses from business partners and the market. SHK Financial Data continues to improve its market presence by providing innovative products and maintaining close relationships with many of the major financial portals in Hong Kong, whilst at the same time increasing its revenue from subscription-based clients.

### Shun Loong Group

We have overseen a considerable stabilization of Shun Loong's operations and client base since the acquisition of the Shun Loong Group by Sun Hung Kai Investment Services Limited ("SHKIS") in June 2003 with the ongoing adoption of measures designed to strengthen controls and bring Shun Loong's processes into line with those of SHKIS.

We have been able to develop Shun Loong from an almost terminal situation to a position where it now enters the second half of 2004 well-positioned for growth, following the opening of four representative offices in the PRC, an expanding sales team, and the continuing development of attractive new business opportunities.

### INVESTMENTS IN PRINCIPAL ASSOCIATED COMPANIES

#### Tian An China Investments Company Limited ("Tian An")

Affected by the strengthening of macro-economic measures taken by the PRC government, the gross domestic product of the PRC in the first quarter of 2004 recorded an amount of RMB2,710.6 billion, an increase of 9.7% compared to the corresponding period of 2003, yet the growth rate was 0.2 percentage point lower reflecting the downward trend. During the same period, policies having a direct impact on Tian An included the increased capital requirement for all real estate companies and the credit squeeze in the industry.

On the other hand, the abnormally high temperatures experienced, as well as the acute shortage of energy early this summer has inevitably delayed the progress of property developments in the PRC. Hence, during the period under review, total sales attributable to Tian An of 120,100m<sup>2</sup> Gross Floor Area ("GFA") from residential/commercial properties were recorded (2003: 146,920m<sup>2</sup>) whereas 438,800m<sup>2</sup> GFA were under construction (2003: 481,000m<sup>2</sup>).

在新推出之產品方面，「財經日誌」及「港股綜覽」均獲得業務夥伴及市場之良好反應。藉著提供嶄新產品及與香港眾多主要財經網站維持緊密關係，新鴻基財經資訊將繼續致力提升其市場佔有率以及增加在訂購客戶方面之收入。

### 順隆集團

自新鴻基投資服務有限公司（「新鴻基投資」）於二零零三年六月收購順隆集團以來，持續採取其既定措施，藉以增強對順隆集團之管理及促使順隆與新鴻基投資之營運互相融合，順隆集團之運作及客戶基礎至今已相當穩定。

隨著順隆於國內開設四個代辦處、積極擴充其營銷隊伍及持續發展具吸引力之新業務商機，順隆已成功渡過困境，並作好準備在踏入二零零四年下半年取得業務增長。

### 於主要聯營公司之投資

#### 天安中國投資有限公司（「天安」）

受國內進一步之宏觀調控措施影響，二零零四年第一季之中國國內生產總值為人民幣27,106億元，比二零零三年同期增長9.7%，增長率則較去年同期下降了0.2個百分點，增長速度有所放緩。於此期間，對天安造成直接影響之國內相關政策，主要包括提升了進入房地產行業門檻之資本要求及針對性地收緊房地產方面之融資措施。

另一方面，國內入夏後持續之反常高溫及在能源供應不足的情況下，整體之房地產開發進度不免受拖延，導致回顧期內，天安所錄得之應佔銷售商住物業總樓面面積為120,100平方米（二零零三年：146,920平方米），在建工程總樓面面積則為438,800平方米（二零零三年：481,000平方米）。

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Projects listed for sale in this period were quality products in the local markets both in terms of brand name and price. These included Shanghai Tian An Villa Phase 1, Shanghai Tian An Centre, Wuxi Redhill Peninsula Phase 2, etc. With a higher profit margin, the turnover of Tian An increased to HK\$887,221,000, 113% higher than that of last period. The net profit for the period under review was HK\$52,274,000, representing a 297% increase over the previous period.

Despite the control measures adopted in the PRC in the first half of the year, the property market is expected to remain relatively stable for the rest of 2004.

### Quality HealthCare Asia Limited ("Quality HealthCare")

Quality HealthCare has been successful in delivering a significantly improved profit performance for the first six months of 2004. This result has been achieved through a combination of sustained effort by both its frontline healthcare professionals and the back-office team, and has been driven by management's focus on core business and effective cost control. Cash flows strengthened over the period, resulting in lower financing charges.

The administration of the medical division's increased range of services and healthcare plans focused on efficiency and cost minimisation. Quality HealthCare is now in a position to consider new initiatives, new markets and a growing business portfolio.

Quality HealthCare continues to support the government in its public-private partnership initiatives in the healthcare sector, and looks forward to further collaboration on programmes for the benefit of the Hong Kong community.

### Yu Ming Investments Limited ("Yu Ming")

During the period, the major investments of Yu Ming were in international bonds, the Argyle Centre shopping mall in Mongkok, and the International Exhibition Centre ("IEC") at the Hong Kong International Airport.

期內天安所出售之項目，無論是價格或是品牌上均屬高質素之物業，其中包括上海天安別墅一期、上海天安中心、無錫紅山半島二期等。因此，在回報率相對較高的情況下，天安之上半年營業額增加至887,221,000港元，較去年同期上升113%；純利則提升至52,274,000港元，較去年同期上升297%。

儘管上半年國內推行各項調控措施，預期二零零四年下半年國內之物業市場仍然平穩。

### 卓健亞洲有限公司 (「卓健」)

於二零零四年首六個月，卓健成功大幅改善其盈利表現。能獲此佳績，全憑前線醫護人員與後勤部隊努力不懈，加上管理層專注於核心業務及成本控制奏效所致。其現金流量於本期間得以鞏固，財務費用因而減輕。

在醫療部新增之一系列服務與保健計劃方面，卓健之行政管理以效率及降低成本為重點。卓健現已作好準備，構思新嘗試、拓展新市場及業務組合。

卓健將繼續支持政府在醫療保健領域上推行之公營／私營夥伴合作措施，並期望在有關項目中有更多合作機會，為香港社會謀求福利。

### 禹銘投資有限公司 (「禹銘」)

於本期間，禹銘之主要投資為環球債券、位於旺角區之旺角中心商場以及位於香港國際機場之國際展覽中心。

## Management Discussion and Analysis 管理層討論及分析

The HK\$200 million high-yield bond portfolio continues to provide reliable income for Yu Ming and looking forward, we are comfortable with the investment. As the property market improved throughout the period, Yu Ming also sold some retail shops in the Argyle Centre. For the IEC, significant bookings were secured from both local and overseas exhibition organizers well in advance of its scheduled opening in 2006. A robust property market and increasing retail activity in Hong Kong suggest a solid outlook for Yu Ming's property investments.

Subsequent to 30 June 2004, Yu Ming made a HK\$35 million investment in a convertible note issue of a Hong Kong airline, and will increase its investment if the business progresses as planned.

### FINANCIAL RESOURCES AND GEARING RATIO

The Group consistently maintained a strong financial position.

As at 30 June 2004, the net assets of the Group increased by 3.15% to HK\$4,633.5 million when compared to the net assets as at 31 December 2003 of HK\$4,492 million. The Group's short-term bank deposits, bank balances and cash amounted to HK\$610.5 million (at 31 December 2003: HK\$566.9 million). The Group's total bank borrowings and loan notes amounted to HK\$321.9 million (at 31 December 2003: HK\$551.3 million) with HK\$65 million (at 31 December 2003: HK\$289.4 million) repayable within one year and HK\$256.9 million (at 31 December 2003: HK\$261.9 million) repayable beyond one year.

The liquidity of the Group remained healthy as demonstrated by the current ratio (current assets/current liabilities) of 2.24 times as at 30 June 2004 (at 31 December 2003: 1.92 times). The Group's current ratio showed further improvement in the period ended 30 June 2004.

The Group continued to maintain a low gearing ratio, calculated on the basis of the Group's total bank borrowings and loan notes over the Group's shareholders' funds, at 6.95% at the period end (at 31 December 2003: 12.27%).

禹銘所持之200百萬港元高息債券組合為禹銘提供穩定收入；展望將來，集團對禹銘此項投資抱有信心。期內，隨著本港物業市場氣氛改善，禹銘亦售出旺角中心商場部份店舖。而國際展覽中心雖然預定於二零零六年開幕，但目前已經獲得不少本地及海外展覽營辦商訂場。鑑於香港物業市場之暢旺及零售活動不斷增加，相信禹銘之物業投資前景樂觀。

二零零四年六月三十日後，禹銘於香港一間航空公司所發行之可換股票據投資達35百萬港元。倘該航空公司之業務按原定計劃進行，禹銘將分段增加其於該公司之投資。

### 財政資源及資本與負債比率

集團繼續維持強健之財政狀況。

於二零零四年六月三十日，集團之淨資產為4,633.5百萬港元，較集團於二零零三年十二月三十一日錄得之淨資產4,492百萬港元增長3.15%。集團之短期銀行存款、銀行結存及現金合共為610.5百萬港元（於二零零三年十二月三十一日：566.9百萬港元）。集團之總銀行借款連同貸款票據合共為321.9百萬港元（於二零零三年十二月三十一日：551.3百萬港元），須於一年內償還之款項為65百萬港元（於二零零三年十二月三十一日：289.4百萬港元），而須於一年後償還之款項為256.9百萬港元（於二零零三年十二月三十一日：261.9百萬港元）。

於二零零四年六月三十日，集團之流動資產比率（流動資產相對流動負債）為2.24倍（於二零零三年十二月三十一日：1.92倍），顯示集團之流動資金依然穩健。截至二零零四年六月三十日止期間，集團之流動資產比率獲得進一步改善。

集團繼續維持一個低的資本與負債比率，按集團之銀行總借款及貸款票據相對集團之股東資金計算，該比率於本期結束日為6.95%（於二零零三年十二月三十一日：12.27%）。

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### CAPITAL STRUCTURE, BANK BORROWINGS AND EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group has not issued any additional shares or made share repurchases during the period.

Other than the mortgage loans and 4% loan notes in a sum of HK\$262.9 million, the Group's bank borrowings were on a short-term basis and in HK dollars as at 30 June 2004. They were charged at floating interest rates. There are no known seasonal factors in our borrowing profiles.

The fluctuation in exchange rates and market prices do not impose a significant risk to the Group as its level of foreign currency exposure is relatively immaterial.

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

There were no material acquisition and disposal of subsidiaries, associated companies and jointly controlled entities during the period.

### SEGMENT INFORMATION

Detailed segment information in respect of the Group's turnover and contribution to profit before taxation are shown in note 2 to the accounts.

### CHARGES ON GROUP ASSETS

Listed shares with an aggregate value of HK\$145.6 million were pledged by subsidiaries for bank loans and overdrafts. Leasehold properties of the Group with a total book value of HK\$94.7 million were pledged by subsidiaries to banks for mortgage loans and overdrafts granted to them with a total outstanding balance of HK\$70.2 million as at 30 June 2004.

### 資本結構、銀行貸款及匯兌率浮動風險

集團於期內並無發行任何額外股份或購回股份。

除了總值共262.9百萬港元之按揭貸款及4%貸款票據外，集團於二零零四年六月三十日之銀行貸款為港元短期貸款，並根據浮動利率計算。集團之銀行借款並不受任何已知之季節性因素所影響。

匯率及市價之變動概不會令集團承擔重大風險，因其外匯風險水平相對來說不大。

### 附屬公司、聯營公司及共同控制公司之重大收購及出售

期內，並無任何附屬公司、聯營公司及共同控制公司之重大收購及出售。

### 分項資料

有關集團營業額、除稅前溢利之貢獻之分項資料詳情，請參閱賬目附註2。

### 集團資產押記

集團之附屬公司將其持有總值145.6百萬港元之上市公司股份抵押予銀行，以換取銀行貸款及透支。集團之附屬公司亦將其賬面總值94.7百萬港元之物業抵押予銀行，作為給予按揭貸款及透支之抵押，該等貸款於二零零四年六月三十日之未償還結餘為70.2百萬港元。

## Management Discussion and Analysis

### 管理層討論及分析

#### CONTINGENT LIABILITIES

(a) At 30 June 2004, the Group had guarantees as follows:

		<b>30.6.2004</b>	31.12.2003
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Guarantee for banking facility granted to an investee company	給予一投資公司之銀行信貸保證	<b>7,020</b>	6,989
Indemnities on banking guarantees made available to a clearing house and regulatory body	對給予一結算所及監管機構之銀行保證所作之擔保	<b>4,540</b>	4,540
Indemnities on letter of credit issued by a bank for a loan to a client	對一銀行就一客戶貸款所發出信用狀之擔保	-	67,556
Other guarantees	其他保證	<b>2,265</b>	913
		<b>13,825</b>	79,998

#### 或然負債

(a) 集團於二零零四年六月三十日之保證如下：

(b) On 9 September 2002, SHKIS, an indirect wholly-owned subsidiary of the Company, was served with a writ with a statement of claim attached, by Shenzhen Building Materials Group Co. Limited, a Shenzhen PRC registered company, claiming the return of certain shares in Shenzhen International Holdings Limited (worth approximately HK\$38 million at 30 June 2004) together with interest, costs and damages. The actions taken by SHKIS in regard to the shares were based on considered advice from reputable legal counsel, which advice was strictly followed in its implementation. The case remains at an early stage with interlocutory matters still being dealt with. The plaintiffs have taken few steps to progress their action. Notwithstanding, the case is being strenuously defended and at this stage the Directors take the view that while a provision has been made for legal costs, it is not appropriate for any other provision to be made with respect to this action.

(b) 於二零零二年九月九日，深圳市建材集團有限公司（一間在中國深圳市註冊成立之公司）向新鴻基投資（本公司之間接全資附屬公司）發出索償傳票，要求退還若干深圳國際控股有限公司之股份（於二零零四年六月三十日約值38百萬港元），並索償涉及之利息、費用及有關損失。新鴻基投資採取之行動是基於一名有名望之法律顧問所提出之深思熟慮意見，而緊遵執行。此訴訟仍處於初步階段，正進行非正審事項。原訴人就其索償只採取少量法律行動。然而，集團現正斷然否定此索償，而在現階段，公司董事認為在作出訴訟費撥備後，對此訴訟不適宜作出任何其他撥備。

## Management Discussion and Analysis 管理層討論及分析

- (c) On 4 February 2004, Sun Tai Cheung Credits Limited ("STCC"), also an indirect wholly-owned subsidiary of the Company, and SHKIS were served with a writ with a statement of claim attached ("200/2004") by Shanghai Finance Holdings Limited, claiming, inter alia, an order that the sale of the shares in Shun Loong Holdings Limited ("Shun Loong Shares") by STCC as assignee to SHKIS (at a consideration of HK\$36,500,000 subject to additional amounts in a sum of HK\$15,700,000 which may be payable one year from the date of completion under certain conditions) pursuant to a sale and purchase agreement dated 25 June 2003 be set aside, or alternatively, as against STCC, damages and an account as to the money obtained by STCC in respect of the Shun Loong Shares. The writ is being vigorously defended. STCC and SHKIS were properly advised at all times during the transaction and firmly believe that there is no basis to the claim. STCC and SHKIS have applied to have the claim struck out. The strike-out hearing is presently listed to be heard on 28 October 2004. While a provision has been made for legal costs, at this stage the Directors are of the view that it is not appropriate for any other provision to be made with respect to this action.
- (c) 於二零零四年二月四日，Shanghai Finance Holdings Limited向同為本公司間接全資附屬公司新泰昌授信有限公司（「新泰昌授信」）及新鴻基投資發出索償傳票（「200/2004」），要求（其中包括）撤銷新泰昌授信（作為受讓人）根據日期為二零零三年六月二十五日之買賣協議向新鴻基投資出售順隆集團有限公司股份（「順隆股份」）（作價36,500,000港元，在若干條件規限下，將會於完成日期一年後支付額外15,700,000港元之款項），或要求新泰昌授信給予損害賠償以及申索新泰昌授信就順隆股份所獲取之金額。集團正極力否定此項索償。新泰昌授信及新鴻基投資在交易期間一直按適當建議行事，並深信有關索償毫無理據。新泰昌授信及新鴻基投資已申請剔除此宗索償。剔除聆訊現已排期於二零零四年十月二十八日審理。在現階段，公司董事認為在作出訴訟費撥備後，對此訴訟不適宜作出任何其他撥備。
- (d) The Group understands that a further writ was issued by New World Development Company Limited ("New World") in April 2004, naming Sun Hung Kai Securities Limited ("SHKS"), a wholly-owned subsidiary of the Company, as defendant, and claiming the sums of HK\$27,237,489.51 and HK\$7,697,418.42, as well as interest thereon from March 2000 and January 2001 respectively. The writ has not been served on SHKS. If served, it will be vigorously defended. While a provision has been made for legal costs, at this stage the Directors are of the view that it is not appropriate for any other provision to be made with respect to this action.
- (d) 集團知悉新世界發展有限公司（「新世界」）於二零零四年四月向本公司一全資附屬公司新鴻基証券有限公司（「新鴻基証券」）（作為被告）發出另一索償傳票，要求索償27,237,489.51港元及7,697,418.42港元以及分別由二零零零年三月及二零零一年一月起所涉及之有關利息。此索償傳票並未送達至新鴻基証券。如獲送達，集團將極力否定此索償。在現階段，公司董事認為在作出訴訟費撥備後，對此訴訟不適宜作出任何其他撥備。

## Management Discussion and Analysis 管理層討論及分析

### MATERIAL LITIGATION UPDATE

- (a) Shun Loong Finance Limited and Shun Loong Holdings Limited (together the "Petitioners"), both wholly-owned subsidiaries of the Company, filed a winding-up petition on 19 February 2004 in the British Virgin Islands ("BVI") seeking an order that Shanghai Finance Holdings Limited be wound up by reason of its failure to pay debts owing to the Petitioners. BVI proceedings are presently stayed pending the outcome of 200/2004, the Hong Kong proceedings.
- (b) The Company, STCC and SHKIS filed a writ on 7 February 2004 (230/2004) naming as defendants Shanghai Land Holdings Limited, Stephen Liu Yiu Keung, Yeo Boon Ann, The Standard Newspapers Publishing Limited and Hong Kong Economic Times Limited and claiming damages for libel, injunctive relief, interest and costs. The case remains at an early stage.
- (c) An appeal has been lodged by SHKS against the judgment delivered by the Hong Kong High Court in favour of New World on 1 April 2004. The appeal is based on considered advice from senior legal counsel and is likely to be heard in July 2005.

### HUMAN RESOURCES AND TRAINING

As of 30 June 2004, the total number of employees was 816 comprising 343 sales staff and 473 non-sales staff. Staff costs (including Directors' emoluments) and contributions to retirement benefit schemes amounted to approximately HK\$85.7 million (2003: HK\$68.8 million).

We operate different remuneration schemes according to role. For sales personnel, the package may comprise either a base pay or draw and commission/bonus/sales incentive, or alternatively, it can be a straight commission arrangement. For non-sales personnel, the remuneration is comprised of either a straight base pay, or where appropriate, a base pay with a performance-based bonus element.

There are currently no share option schemes applicable to the Group's officers or employees.

### 重大訴訟之更新

- (a) 順隆財務有限公司及順隆集團有限公司（統稱為「呈請人」）（同為本公司之全資附屬公司）在二零零四年二月十九日於英屬處女群島提交一項清盤呈請，基於 Shanghai Finance Holdings Limited 未能償還久負呈請人之債務，故要求判令 Shanghai Finance Holdings Limited 清盤。鑑於需要等候香港司法程序 200/2004 之結果，現時英屬處女群島之司法程序正暫停辦理。
- (b) 本公司、新泰昌授信及新鴻基投資於二零零四年二月七日向上海地產控股有限公司、廖耀強、楊文安、英文虎報出版有限公司及香港經濟日報有限公司（作為被告）發出傳票（230/2004），申索誹謗賠償、要求頒佈禁制令，以及索償涉及之利息及費用。此訴訟正處於初步階段。
- (c) 新鴻基証券已就香港高等法院於二零零四年四月一日判新世界勝訴之裁決提出上訴。此上訴是根據資深法律顧問所提出之深思熟慮意見而作出，預期上訴聆訊將於二零零五年七月進行。

### 人力資源及培訓

截至二零零四年六月三十日，集團僱員人數共有 816 名，包括 343 名營銷僱員及 473 名非營銷僱員。僱員成本（包括董事酬金）及退休福利計劃供款合共約 85.7 百萬港元（二零零三年：68.8 百萬港元）。

集團為營銷及非營銷僱員設立不同之薪酬制度。營銷僱員之薪酬組合包括底薪以及佣金／花紅／銷售獎金，或僅佣金安排，而非營銷僱員之薪酬則僅有底薪，或於適當情況下，底薪連同按表現發放之花紅。

集團現時並無適用於其高級職員或僱員之認購股權計劃。

## Management Discussion and Analysis 管理層討論及分析

In our continuing support of the Financial Services Bureau in meeting human resource development needs of the financial services sector, we have offered internship places to local university students to enhance their practical working experience and develop their financial knowledge. We also extensively recruit trainees each year, particularly at our branches.

Up to 30 June 2004, we have organized a total of 17 in-house Continuing Professional Training (CPT) programmes for our sales and back-office staff to ensure that they are updated with new product knowledge and current regulatory issues.

### MANAGEMENT OF RISKS

#### Policies and Procedures

The Group has established policies and procedures for risk management which are reviewed regularly by the management and various Group committees, including the Credit & Risks Management Committee (the "CRM"), which reports to the Executive Committee of the Board of Directors, to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times. The Group's Internal Audit and Compliance department (which reports independently to the non-executive Chairman and the Audit Committee) also performs regular reviews to supplement the various internal control measures adopted by the management and various divisions within the Group, to ensure compliance with policies and procedures.

#### Credit Risk

Credit risk arises from a number of areas. These include the possibility that a counter-party in a transaction may default during the settlement process. It also arises from lending, settlement, treasury, market making, derivatives, proprietary trading, and other activities undertaken by the Group.

The Group's credit manual sets out in detail the credit approval and monitoring procedures, which are established in accordance with sound business practices, the requirements and provisions of the relevant ordinances, and where applicable, the codes or guidelines issued by the Securities and Futures Commission.

為繼續支持財經事務局滿足金融服務業培訓人才的需要，集團提供實習生空缺席予本地大學生，協助他們增加實際工作經驗及汲取財經知識。集團(尤其各分行)每年均廣泛地招聘見習人員。

截至二零零四年六月三十日，集團亦為旗下銷售及後勤人員舉辦了共17個內部持續專業培訓課程，確保員工掌握最新之產品知識及現行之監管事務資訊。

#### 風險管理

##### 政策及程序

集團已設立風險管理之政策及程序，並由管理層及多個集團委員會(包括須向董事會執行委員會匯報之信貸及風險管理委員會(「信貸風險委員會」))定期進行檢討，以確保於任何時候因集團業務而產生之所有主要風險得以受到監控。除管理層及個別部門採取各項內部監控措施外，集團之稽核及法規監核部(一個向非執行主席及審核委員會獨立匯報之部門)亦會定期查核，從而確保該等政策及程序得以遵守。

#### 信貸風險

導致信貸風險的成因眾多，包括交易對手有可能在交收過程中出現違約，信貸風險亦可能來自放款、交收、庫務、作價買賣、衍生產品、自營買賣，以及其他集團所從事之活動。

集團之信貸政策指引詳列批准信貸及監管程序。該等程序乃按照專業守則、有關條例之規定以及證券及期貨事務監察委員會發出之有關守則或指引而訂定。

## Management Discussion and Analysis 管理層討論及分析

Day-to-day credit management is performed by the Credit department with reference to the aforementioned criteria including creditworthiness, collateral pledged, and risk concentration of the counter-parties. Decisions made daily by the Credit department are reported and reviewed by the Executive Directors and senior management of the Group and by the CRM at its regular meetings.

### Liquidity Risk

The Group manages its liquidity position to ensure the Group maintains a prudent and adequate liquidity ratio, in strict accordance with statutory requirements. This is achieved by the management, comprising the Executive Directors, the Chief Financial Officer and relevant senior managers monitoring the liquidity position of the Group on a daily basis to ensure the availability of sufficient liquid funds to meet all obligations and compliance with the statutory requirements such as the Financial Resources Rules applying to various licensed subsidiaries.

### Capital Risk

The Group maintains a strong capital base to support the development of its businesses and to comply, where necessary, with at least the minimum statutory ratios.

Capital is allocated to the various activities of the Group depending on requirements and the degree of risk appropriate to various activities. Cost of capital, as determined from time to time, is allocated against its users.

### Interest Rate Risk

Interest rate risk primarily results from timing differences in the re-pricing of interest bearing assets, liabilities and commitments. The Group's interest rate risk exposure arises mainly from margin financing and other lending activities undertaken. The Group has the legal capacity to quickly recall such loans or re-price its margin loans to an appropriate level. Its interest-sensitive positions can readily be identified. Interest rates paid by the Group are managed by the Finance department with the aim of maximizing the spread of interest consistent with liquidity and funding obligations.

### Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from movements of foreign exchange rates.

日常信貸管理由信貸部負責。信貸部會就交易對手之信譽、抵押品及風險分佈作出批核。信貸部每日作出之批核會向集團之執行董事及高級管理層匯報並由其審閱，而信貸風險委員會亦會於定期例會中作出檢討。

### 流動資金風險

集團監管其流動資金狀況，確保有審慎而充裕之流動資金比率，以遵守有關之法定要求。管理層包括執行董事、財務總監及有關高層管理人員每日均監察集團之流動資金狀況，以符合法定要求（如適用於集團多間持牌附屬公司的財務資源條例）。

### 資本風險

集團維持穩固之資本基礎，以支持其業務發展及遵從所須之最低法定比率要求。

資金乃按集團各業務不同之需求及所承擔之風險分配至集團各業務範圍。資金成本（隨時間而定）由其用者各自承擔。

### 利率風險

利率風險主要由就附有利息之資產、負債及承擔重新定價之時差所引致。集團的利率風險主要來自證券放款及其他貸款業務。集團可法定要求借款人即時償還貸款，或重訂證券放款之息率至適當水平。集團亦可容易地確定其在提供貸款時所承受之利率風險水平。集團所支付之利率乃由財務部管理，以盡量令息差符合資金之流動性及需求。

### 外匯風險

外匯風險乃外幣匯率變動對盈利或資本造成之風險。

## Management Discussion and Analysis 管理層討論及分析

The Group's foreign exchange risk primarily arises from currency exposures originating from its leveraged foreign exchange business or purchases of foreign securities on behalf of clients. Foreign exchange risk is managed and monitored by the relevant department under the limits approved by the Group's Board or Executive Committee. In relation to our leveraged foreign exchange activity, our position is that of a market-maker, and accordingly our risk is our open currency positions which are subject to management approved limits and are monitored and reported daily. The other possible risk is primarily a derivative foreign exchange risk for a client who does not or cannot meet margin calls following any period of substantial currency turbulence. Our principal lending operations are carried out in local currency to obviate foreign exchange risk. Accordingly, the Group has no significant exposure to foreign exchange fluctuations on loan assets.

### Market Risk

Market risk limits are approved by the Group's various Committees and, in some cases, by the Board of Directors. Actual positions are compared with approved limits and monitored regularly by the relevant divisional head, the Credit department and by the senior management of the Group. Exposures are measured and monitored on a "mark-to-market" basis with stop-loss limits. Market risk trading positions are subject to daily mark-to-market valuation, which is also reported daily to the senior management for their review. The Group's Internal Audit and Compliance department also performs regular audits to supplement the above controls to ensure compliance with the established market risk limits and guidelines.

### Calamity Risk

In common with all companies and particularly financial services groups, the Group is exposed to the potential impact of natural and man-made disasters. In our case, being heavily dependent on information technology and its associated infrastructure requirements, we need to be particularly vigilant in this regard, especially with the prevalence worldwide of "hacking", and "virus-attacks".

集團之外匯風險主要來自其槓桿外匯或代客購買海外證券之業務。外匯風險由有關部門按集團董事會或執行委員會所批准之限額作出管理及監察。就槓桿外匯業務而言，由於集團乃擔任莊家之位置，因此，外幣未平倉合約（須受由管理層審批之限額限制，並須每日受其監控及向其匯報）會存在外匯風險。另外，倘客戶在經歷重大匯率波動後未能或無法填補保證金額，亦可能對集團造成衍生外匯風險。集團主要之貸款業務仍以本地貨幣進行，以減低外匯風險。故此，集團之貸款資產並無承受重大外匯風險。

### 市場風險

市場風險之限額由集團多個委員會或按情況由董事會審批。有關部門主管、信貸部及高級管理層均會定時監察，並將實際狀況與審批限額作出比較，同時亦會就市場價格按止蝕水平計算及控制風險。涉及市場風險之買賣活動均按每日市場價格而進行估值，並每日向高級管理層匯報審閱結果。集團之稽核及法規監察部亦會作出定期審核，以補充上述監控，確保遵從集團既訂之市場風險限額及指引。

### 災難風險

一如其他公司，特別是金融服務機構，集團受自然或人為災難所影響。由於業務性質關係，集團十分依賴資訊科技及其相關基建條件，故集團需要對這方面提高警覺，特別是盛行之全球性「黑客」及「病毒」入侵。

## Management Discussion and Analysis 管理層討論及分析

In the aftermath of the various disasters impacting on the insurance industry during the past years, appropriate insurance cover has been more difficult and more expensive to obtain. However, working with our Insurance Broking division, we have managed to obtain what we believe is adequate cover for the potential risks of this type.

In the case of our IT infrastructure, we also maintain stringent security procedures, as well as off-site back-up and recovery programs which we continually review and refine.

### Reputational Risk

A key factor for businesses in the financial services sector is their reputation for financial probity and prudence. In our case, with our important and valuable "brand", we manage these risks through our strong internal controls and risk management regime, by comprehensive employee and operational manuals in key areas, and by the strength and independence of our Internal Audit and Compliance department.

過去數年保險業受各種災難影響，投保較以前困難及昂貴。然而，透過與保險經紀部的合作，集團已取得其認為足夠之保額，以保障所有同類型之可能性風險。

資訊科技基建方面，集團亦維持嚴謹保安程序，並不斷檢討及改善離站式備份裝置及有關還原程式。

### 商譽風險

誠實及審慎之商譽對金融服務業來說是一重要因素。就集團而言，「品牌」實屬非常重要及珍貴，而藉著嚴謹之內部監控及風險管理，如在主要業務上推行全面之員工及營運守則，加上集團稽核及法規監核部之效能與獨立運作，致使我們成功管理此方面之風險。