

## Directors' Commentaries

### 管理層討論

#### FINANCIAL REVIEW

##### Turnover

For the six months ended 30 June 2006, VXL Capital Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") achieved a turnover of HK\$6.6 million, comprising mainly corporate advisory fees and rental income from an investment property.

The turnover increased more than 7 times compared to the six months ended 30 June 2005. This was mainly due to a significant increase in corporate advisory fees and rental income generated from an investment property which was newly acquired in the second half of 2005. During the period under review, the Group began to reap the results from a foundation laid in previous years, both in selecting a valuable property and establishing a new high caliber management team.

The Group generated interest income of HK\$1.5 million despite a decrease in bank deposits due to more efficient cash management and higher interest rates.

##### Operating Expenses

The operating costs for the six months totalling HK\$23.5 million were mainly attributable to staff costs for the new team, as well as legal and professional costs and consultancy fees incurred in pursuing of potential projects by the Group, higher office rental payments and depreciation of new office premises. The amount increased when compared to the six months ended 30 June 2005, which was mainly due to the formation of a new management team and new offices leased in the second half of 2005.

#### 財務回顧

##### 營業額

截至二零零六年六月三十日止六個月，卓越金融有限公司（「本公司」）及其附屬公司（統稱「集團」）之營業額為6,600,000港元，包括企業顧問費及投資物業租金收入。

營業額較截至二零零五年六月三十日止六個月增加超過7倍，主要原因為企業顧問費收入及二零零五年下半年新購入投資物業所產生之租金收入大幅增加。集團往年選取一項優質物業及組成能幹之新管理團隊以奠定業務發展的基礎；於回顧期內，集團開始取得往年紮根之成果。

由於更有效之現金管理及利率調升，儘管銀行存款減少，集團仍然獲得利息收入1,500,000港元。

##### 經營開支

此六個月之經營成本合共23,500,000港元主要來自新團隊之員工成本，以及集團研究多個潛在項目所涉及之專業、法律成本及顧問費、辦公室租金增加及新辦公室物業折舊。由於二零零五年下半年組成新管理層團隊及租賃新辦公室，故經營開支較二零零五年首六個月增加。



Directors' Commentaries (Continued)  
管理層討論(續)

### Liquidity, Financial Resources and Capital Structure

The Group maintained a bank and cash balance of HK\$43.9 million as of 30 June 2006, of which HK\$12.8 million was pledged deposit. Cash reserves have been placed with major banks in Hong Kong in the form of Hong Kong dollar deposits and other major foreign currencies.

As of 30 June 2006, the Group had banks loans totalling HK\$87.0 million, of which HK\$15.5 million was due within one year; HK\$30.5 million was due after one year and within 5 years; and HK\$41.0 million was due after five years. In addition as of 30 June 2006, the Group had total obligations under finance leases of HK\$0.7 million, which would mature within three years.

As of 30 June 2006, the Group had a gearing ratio of 24.5%, which is measured on the basis of the Group's total interest-bearing debt net of cash reserves over the shareholders' funds. Because the Group had surplus cash reserves after netting its borrowings on 30 June 2005, no gearing ratio existed at that time.

### BUSINESS REVIEW AND PROSPECTS

The revenue for the six months ended 30 June 2006 mainly comprised corporate advisory fees and rental income from property assets. In the first half of 2006, the Group had planned to enlarge its property investment coverage in the People's Republic of China ("PRC"). Through acquisition, the Group would further expand its property asset base in order to diversify its principal income sources from Hong Kong to major cities in the PRC.

### 流動現金、財務資源及資本架構

集團截至二零零六年六月三十日之銀行及現金結餘為43,900,000港元，其中12,800,000港元為已抵押存款。現金儲備以港元存款及其他主要外幣形式，存放於香港多家大型銀行。

截至二零零六年六月三十日，集團之銀行貸款合共87,000,000港元，其中15,500,000港元於一年內到期，30,500,000港元於一年至五年間到期，以及41,000,000港元於五年後到期。此外，截至二零零六年六月三十日，集團之融資租約承擔合共700,000港元，於三年內到期。

截至二零零六年六月三十日，集團之資本負債比率為24.5%，乃按集團之附息債務總額減去現金儲備再除股東資金計算。於二零零五年六月三十日，由於經扣除借貸後，集團擁有現金盈餘儲備，因此資本負債比率於該日期並不存在。

### 業務回顧及展望

截至二零零六年六月三十日止六個月之收入主要來自企業顧問費及物業資產租金收入。二零零六年上半年，集團計劃在中華人民共和國（「中國」）擴大房地產投資覆蓋範圍。集團將透過收購，進一步擴展物業資產基地，令主要收入來源由香港多元化拓展至中國主要城市。



Directors' Commentaries (Continued)  
管理層討論 (續)**PROPERTY INVESTMENT****112 Apartments: Serviced apartment tower in Hong Kong**

The turnover of 112 Apartments, the 96-unit serviced apartment tower in Hong Kong, reached HK\$3.7 million during the first half of 2006, representing 55.6% of the total turnover for the period. To advance long-term capital appreciation and rental income, the Group initiated an electrical and mechanical renovation programme in the serviced apartment tower during May to July 2006. The maintenance programme aims to enhance asset values by repositioning the property as a high quality serviced apartment tower.

Since the completion of acquisition of the property on 9 September 2005, the occupancy rate has registered 74% on 30 June 2006 even during the renovation period. In line with the Group's corporate development strategy, property assets have created one of the major cash income streams for the Group to help fund the Group's long-term Concept Development project.

**Changshou Properties: Retail spaces in Shanghai**

On 7 March 2006, VXL Properties Holdings Limited ("VXLP"), a wholly-owned subsidiary of the Company, entered into an agreement ("Agreement") to acquire the entire issued share capital of Rich Field International Limited ("Rich Field") for a total consideration of HK\$5.0 million. The Rich Field group holds the right to acquire the north and south commercial podiums of Changshou Commercial Plaza ("Changshou Properties") in Shanghai at a consideration of HK\$446.8 million (RMB462.0 million). Upon completion of the acquisition of Rich Field, the Group is obliged to purchase the Changshou Properties at a total consideration of HK\$446.8 million. The acquisition of Rich Field was completed on 15 September 2006. The Group will reposition the retail spaces as a unique shopping mall after completion of major renovation expected in the first quarter of 2007.

**房地產投資****壹一寓：香港服務式公寓大樓**

壹一寓是位於香港的服務式公寓大樓，共有96個單位，於二零零六年上半年之營業額達3,700,000港元，佔期內總營業額之55.6%。為爭取長期資本增值及租金收入，集團於二零零六年五月至七月推出一項機電更新計劃，旨在將物業重新定位為優質服務式公寓大樓，提升資產價值。

集團自二零零五年九月九日完成收購該物業後，即使在裝修期間，仍錄得74%之入住率。為配合集團之企業發展策略，物業資產已成為集團其中一項主要現金收入來源，為卓越金融之長期主題概念發展項目提供資金。

**長壽物業：上海零售商舖**

於二零零六年三月七日，集團一家全資附屬公司卓越地產控股有限公司（「卓越地產」）訂立一項協議（「協議」）以收購富域國際有限公司（「富域」）之全部已發行股本，有關代價為5,000,000港元。富域持有上海長壽商業廣場北座及南座（「長壽物業」）之收購權，代價為446,800,000港元（人民幣462,000,000元）。於完成收購富域後，集團須以總代價446,800,000港元購入長壽物業。收購富域已於二零零六年九月十五日完成。集團預期將於二零零七年首季完成大型裝修後，重整零售商舖為獨特之購物廣場。



Directors' Commentaries (Continued)  
管理層討論(續)

With a total floor area of 40,345 square meters, Changshou Properties will provide the Group with an incomparable opportunity to access Shanghai's burgeoning retail property market. Given the attractive acquisition price and superb location, the property assets are expected to achieve long-term capital appreciation and generate recurring cash income for the Group.

### Cruise Consortium: Hong Kong Cruise City Development

As mentioned in the previous report, the Group has formed a joint venture, namely Cruise City (Hong Kong) Limited, with Nan Fung Development Limited and Star Cruises Asia Holdings Ltd. for the development of the new cruise terminal in Hong Kong and submitted an Expression of Interest ("EOI") to the HKSAR Government in December 2005.

The Group is gratified that the Kai Tak Preliminary Outline Development Plan announced by the HKSAR government in June 2006 reflects the HKSAR Government's determination to go ahead with cruise terminal development in Hong Kong. Because of the urgent need for a world-class cruise terminal with enhancement facilities in Hong Kong, the Group believes the EOI proposal submitted by Cruise City (Hong Kong) Limited will complement well the Kai Tak Development Plan.

## FINANCIAL SERVICES

### VXL Financial Services Limited

For the six months ended 30 June 2006, VXL Financial Services Limited ("VXLFS") had achieved HK\$3.0 million in revenues, a substantial increase of 275.0% when compared with the corresponding period in 2005, which recorded HK\$0.8 million. Turnover stemmed mainly from corporate advisory fees from Initial Public Offerings ("IPO") and takeover code-related deals. The increase in deal flows was attributable to the current booming stock market in Hong Kong during the first six months of 2006, as well as the quality professional services provided by a new team.

長壽物業總樓面面積為40,345平方米，將為集團提供進入上海之零售物業市場的黃金商機。由於收購價吸引、物業位置優越，因此預期物業資產可為集團帶來長期資本增值，並帶來持續現金收入。

### 郵輪聯盟：香港郵輪城發展

如上一報告所述，集團與南豐發展 (Nan Fung Development Limited) 及麗星郵輪 (Star Cruises Asia Holdings Ltd.) 成立合營企業郵輪城 (香港) 有限公司，於二零零五年十二月就發展香港新郵輪碼頭向香港特區政府遞交意向書。

香港特別行政區政府於二零零六年六月公布的啟德初步發展大綱圖，反映了香港特別行政區政府推動郵輪碼頭發展的決心，集團對此表示歡迎。由於香港急切需要一個世界級的郵輪碼頭及配套設施，因此集團相信，郵輪城 (香港) 有限公司所提交之意向書與啟德發展規劃相輔相成。

## 金融服務

### 卓越企業融資有限公司

截至二零零六年六月三十日止六個月，卓越企業融資有限公司 (「卓越企業融資」) 之收入達3,000,000港元，較二零零五年同期800,000港元錄得大幅增長275.0%。營業額主要來自首次公開發售及收購守則相關交易之企業顧問費。交易量增加主要是二零零六年首六個月香港股票市場氣氛正面，以及新團隊提供優質專業服務所帶動。



**Directors' Commentaries (Continued)**  
**管理層討論 (續)**

In last year, Mainland enterprises have been at the top in terms of capital raising in the Hong Kong stock market. The external business environment in Hong Kong supported a sharp increase in the number of the IPO and takeover code-related deals. Over the long term, the increasing demand for corporate finance and advisory services falls closely in line with the visionary business strategy of VXLFS – To provide customised corporate finance and advisory services to niche markets targeting small and medium enterprises (“SMEs”) in the PRC through its influential business networks there.

To review the results during the first six months of 2006, VXLFS will continue to strengthen its competitive edge in providing professional and customised corporate finance and advisory services for IPO projects and takeover code-related deals which will contribute higher values to the Group and its shareholders.

**VXL International Leasing Co. Ltd**

In February 2006, the Group founded a new subsidiary VXL International Leasing Co. Ltd (“VXLIL”) in Beijing, the PRC, to take advantage of the recent relaxation of the PRC rules on the involvement of foreign companies in the leasing sector. In August 2006, the Group had completed the injection of VXLIL's registered capital and VXLIL has commenced the operations.

**RESOURCES INVESTMENT**

Under the review period, the Group continues to seek investment opportunities in natural resources in line with long term strategy of the Group. As the resources investment business is still in an infant stage, the Group retains its cautious positioning in the short-term and will periodically review the business development plan for the sector.

去年，新上市內地企業的融資總額高踞香港證券市場。香港對外營商環境造就首次公開發售及收購守則相關交易數目增長迅速；長遠而言，企業融資及諮詢服務的殷切需求與卓越企業融資業務策略密切配合。卓越企業融資之業務策略乃藉其在中國具有影響力之業務網絡，專注開拓中國中小型企業這個特定市場，並按客戶需要提供專業的企業融資及諮詢服務。

回顧二零零六年首六個月的業績，卓越企業融資將繼續加強競爭優勢，特別是首次公開發售項目及收購守則相關交易提供專業及切合所需之企業融資及諮詢服務，可望為集團及其股東帶來更高價值。

**卓越國際租賃有限公司**

二零零六年二月，集團在中國北京成立新附屬公司卓越國際租賃有限公司（「卓越國際租賃」），以把握近期中國放寬有關外國公司從事租賃業務的政策法規所帶來的機遇。二零零六年八月，集團已完成向卓越國際租賃的註冊資本注資，同時該公司已投入運作。

**資源投資**

於回顧期內，集團一直物色投資天然資源的機會以配合企業的長期策略。然而由於資源投資業務仍處初創階段，集團短期內將繼續審慎地為業務定位，並將定期檢討有關業務的發展計劃。

