

管理層討論與分析

MANAGEMENT DISCUSSION AND ANALYSIS

業務回顧

石油及化學品經銷

本業務在截至二零零三年六月三十日止六個月錄得營業額港幣5,978,400,000元，比去年同期攀升31.2%，未計公司總部利息及費用前純利則達港幣285,500,000元，較去年同期上升56.9%。業績增長主要由於因出售一間共同控制實體公司所持有在香港國際機場的航空燃料補給設施的權益而獲得一項應佔所得溢利的進賬，卻被香港加油站業務的盈利下降抵消了部份盈利貢獻。

回顧期內的整體營業額全面急升，主要因為美伊戰事以及石油輸出國組織供油量不明朗，令國際原油價格反覆波動。雖然爆發非典型肺炎，但本業務於二零零三年上半年的整體銷量仍然取得溫和增長。

二零零三年上半年，全球油價波動不穩，但航空煤油和柴油仍能保持其邊際利潤。在非典型肺炎爆發期間，有不少航班停飛，但由於航空煤油在第一季度表現理想而令其銷量仍能有所增長，加上本集團與更多航空公司訂立了供應合約，保障了航空煤油銷量的增長。回顧期內，在積極開拓中國市場所帶動下，燃油經銷業務的銷情理想。香港的石油氣經銷業務和出口中國的石油氣也實現平穩增長。化工品業務在回顧期內保持良好營業額增長，尤其是在中國市場。

REVIEW OF OPERATIONS

Petroleum and Chemical Distribution

For the six months ended 30 June 2003, the operation reported a turnover of HK\$5,978.4 million, up by 31.2% compared to the same period last year and a net profit before corporate interest and expenses of HK\$285.5 million, up by 56.9% over that of last year. The increase was mainly due to the sharing of a gain from the disposal of our interest, held through a jointly controlled entity, in the aviation fuel facility at the Hong Kong International Airport and partly offset by a decline in profit contributions from our filling stations operation in Hong Kong.

The surge in overall turnover for the period under review was the resultant effect of fluctuating international crude oil prices, spurred by the US/Iraq war and uncertainty over oil supply by OPEC. Despite the SARS outbreak, the operation still achieved a moderate growth in the overall sales volume for the first half of 2003.

The refined oil distribution managed to maintain its profit margins for aviation kerosene and diesel oil during the first half of 2003, when world oil prices were extremely volatile. Despite cancellation of airline flights during the period of SARS outbreak, aviation kerosene still maintained a sales volume growth due to strong performance in the first quarter of 2003, and supply contracts secured from more airlines. For the period under review, fuel oil distribution reported satisfactory sales performance, due to expansion in the PRC market. LPG distribution in Hong Kong and LPG exports to PRC both reported stable sales growth. Petrochemicals distribution business maintained a decent growth in turnover, in particular for the Chinese Mainland market, for the period under review.

二零零三年上半年，香港的石油及石油氣加油站的銷量比去年同期上升4.3%。但由於石油氣的成本高漲，售價機制又無法及時調整，盈利貢獻因而減少港幣24,300,000元。自營加油站的石油氣銷量比去年上升11.1%。

本集團為了抓住中國內地龐大的管道燃氣需求，遂於二零零三年八月與蘇州市政府訂立合營企業協議，為蘇州新區分銷和供應管道燃氣。新成立的合營企業的註冊資本為15,000,000美元，本集團佔70%權益。合營企業將投資約24,000,000美元，鋪設管道網絡。本集團會繼續在中國內地發掘投資良機。

若撇除任何不明朗的情況，本集團預期全球油價可在二零零三年下半年逐步喘定。隨著世界衛生組織在二零零三年五月撤銷對香港的旅遊警告後，航空煤油的需求已逐步回復正常水平。本集團會繼續採取審慎措施，提高石油和化學品分銷業務的表現。

零售

截至二零零三年六月三十日止六個月的營業額達港幣4,303,600,000元，比去年同期跳升57.9%，零售業務上半年錄得未計公司總部利息及費用前的虧損淨額港幣88,800,000元，去年同期則為純利港幣61,500,000元。

For the first half of 2003, petrol and LPG stations in Hong Kong reported an increase of 4.3% in sales volume over last year. Earnings contribution fell by HK\$24.3 million due to the high LPG cost and a mismatch in the price-fixing mechanism. In volume terms, LPG sold at the stations rose by 11.1%.

To capitalize on the strong demand of piped gas in the Chinese Mainland, the Group entered into a joint venture agreement with the local government of Suzhou municipality in August 2003 to distribute and supply piped gas for Suzhou New District 蘇州新區. The new venture, of which the Group has a 70% interest in its share capital of US\$15 million, will invest a total of about US\$24 million for the construction of the piping network. The Group will keep on exploring the investment opportunities in the Chinese Mainland.

Barring any unforeseeable circumstances, the Group anticipates that the world oil prices will stabilize over the rest of 2003. Following the lifting of the travel advisory by the World Health Organisation in May 2003, demand for aviation fuel has gradually restored to normal level. The Group will continue to take prudent measures to enhance its future performance of its petroleum and chemical distribution operation.

Retail

Turnover for the six months ended 30 June 2003 was HK\$4,303.6 million, an increase of 57.9% compared with the same period of last year. The retail segment reported a net loss before corporate interest and expenses of HK\$88.8 million for the first half of 2003 as compared to a net profit of HK\$61.5 million for that of last year.

超級市場

截至二零零三年六月三十日止六個月，本業務錄得營業額港幣3,390,700,000元，比去年同期跳升93.4%，二零零三年上半年的未計公司總部利息及費用前的虧損淨額為港幣66,100,000元，去年同期則為純利港幣47,600,000元。表現回落的原因在於非典型肺炎對大賣場業務帶來的不利影響，以及去年因積極拓展業務而引致成本架構高企。回顧期間的息稅折舊和攤銷前業績為虧損港幣10,300,000元。

營業額大幅攀升的原因在於店鋪數目增加，以及於二零零二年七月收購華潤萬佳有限公司65%股權。非典型肺炎的爆發對廣東省的大賣場造成的打擊，由二零零三年第二季度同店銷售下降8%可見一斑。二零零三年上半年，開設17間店鋪（其中包括1間大賣場）須支付的一次性預付開設店鋪開支總額為港幣11,000,000元。

下半年，本集團會繼續進行全新的公司形象活動，結合創新業態，全面掌握市場增長的勢頭，致力將中國內地的業務建立為全國品牌。為使我們的資源得以更有效地運用以及店鋪模式可重複利用，本集團撤回了開設部份新店的計劃。至於本集團最近在減省員工成本及租金支出的成本控制上，已漸見成效。為建立更良

Supermarket

For the six months ended 30 June 2003, the operation reported a turnover of HK\$3,390.7 million, an increase of 93.4% over the same period last year and a net loss before corporate interest and expenses of HK\$66.1 million for the first half of 2003 compared to a net profit of HK\$47.6 million for that of last year. The under-performance was due to the adverse impact of SARS on hypermarkets, and high cost structure following rapid expansion in last year. The results before interest, taxation, depreciation and amortization ("EBITDA") was in a loss of HK\$10.3 million for the period under review.

The substantial increase in turnover was attributable to the increase in number of stores as well as the acquisition of a 65% equity interest in 華潤萬佳有限公司 China Resources Vanguard Co., Ltd. in July 2002. The SARS outbreak was a blow to the hypermarkets in Guangdong as reflected by their 8% same-store sales decline during the second quarter of 2003. For the first half of 2003, upfront store opening expenses of one-off nature in connection with the opening of 17 stores, including 1 hypermarket, totaled HK\$11.0 million.

The Group is progressing well in its endeavor to establish a national brand for the Chinese Mainland operations in the second half of this year through a re-branding program, along with its plans to revamp store formats to capture market growth. In a bid to ensure our resources are efficiently utilized and our store formats are replicable, the Group rolled back some shop opening plans for 2003. The cost saving program

好的供應商關係，新一套向供應商回饋收入的機制已經訂立，本集團會按供應商的貨品供應量而分類，鼓勵大額購貨的折扣優惠。本集團為了實踐躋身國內備有完善物流支援的頂尖經銷零售集團的業務策略，已經於二零零三年七月向母公司收購其物流業務，相信對本集團的超級市場業務裨益至深。新收購的物流業務將併入為超級市場業務的一部份。

中國內地爆發非典型肺炎，大大衝擊了當地大賣場的銷情，但是香港業務的銷情却相當不錯，市民在疫情期間轉從超級市場選購食品在家煮食，減少外出用膳，反而刺激了香港超市業務，減輕內地業務承受的不利影響。香港的超級市場自從二零零二年重新裝修，以全新形象面市後，表現有所改善。

截至二零零三年六月底，本集團在香港和中國內地合共經營461間店鋪，去年年底則有454間，其中包括自營店鋪和根據加盟安排在中國內地經營的店鋪。在二零零三年上半年，集團新增17間店，結束10間包括加盟店之店鋪。

回顧期間，本集團應佔聯營公司——蘇果超市有限公司的盈利共達港幣5,100,000元。本集團在二零零二年九月收購該公司的39.25%股權。

initiated lately to reduce salaries and rentals has begun to produce some desirable results. A new supplier rebate system has been introduced to categorize suppliers according to their sales and encourage volume discount, resulting in a much improved supplier relationship. Consistent with the Group's business strategy to become a leading distribution and retail group with sufficient logistic support, the Group acquired an established logistics business from its controlling shareholder in July 2003. The Group's supermarket operations will benefit most from this acquisition. The newly acquired logistic business will form part of the supermarket operations.

While the SARS outbreak adversely affected sales of the hypermarkets in the Chinese Mainland, the effect was mitigated by the stimulated sales for the operations in Hong Kong as people purchased more food from supermarkets for consuming at home rather than dining out. Supermarkets in Hong Kong that were given a facelift under the redecoration program in 2002, reported improved performance.

At end of June 2003, the Group operated a total of 461 stores in Hong Kong and the Chinese Mainland as compared to 454 at the end of last year. The number includes self-operated stores as well as some stores in the Chinese Mainland under the franchise arrangements. During the first half of 2003, 17 stores were opened and 10 stores were either closed or their franchise terminated.

Share of associate's profit from Suguo Supermarket Co., Ltd. 蘇果超市有限公司, in which the Group acquired a 39.25% equity interest in September 2002, totaled HK\$5.1 million for the period under review.

本集團有信心在本年可落實強化管理團隊，改善商品採購、門店營運及物流管理等基本元素的目標。

品牌時尚產品經銷

截至二零零三年六月三十日止六個月，營業額達港幣446,800,000元，比去年同期增長11.9%，未計公司總部利息及費用前虧損淨額錄得港幣16,500,000元，去年同期則為純利港幣6,500,000元。回顧期間的業績主要受非典型肺炎沖擊，以及以高折扣清理某些品牌存貨所影響。二零零三年上半年的息稅折舊和攤銷前的盈利倒退24.9%至港幣45,300,000元，去年則為港幣60,300,000元。回顧期內，大部份品牌的同店營業額仍錄得可觀增長。

回顧期內的營業額上升，主要因為本集團繼續擴充新店和廣告宣傳收效。於二零零三年六月三十日，本集團在內地指定城市的715間自營和特許經營店經銷18個國際品牌。於去年年底時，本集團有761間服裝店。

本集團預期，在非典型肺炎減退後，主要城市的高檔服裝的銷情應可止跌回升，與此同時，本集團也會繼續全力提升個別品牌的盈利表現。

The Group's objective this year is to strengthen the management team and improve fundamentals of merchandising, operational and logistics, and we are confident and remain committed to this operation.

Brand-fashion distribution

Turnover for the six months ended 30 June 2003 was HK\$446.8 million, an increase of 11.9% compared with the same period of last year. The operation reported a net loss before corporate interest and expenses of HK\$16.5 million for the first half of 2003 as compared to a net profit of HK\$6.5 million of last year. The results for the period under review was clouded by the SARS crisis and big discounts offered for the stock clearance of certain brands. EBITDA for the first half of 2003 fell by 24.9% to HK\$45.3 million as compared to that of HK\$60.3 million last year. For the period under review, most of the established brands reported decent same-store-growth.

The increase in turnover for the period under review was due primarily to the continuing store expansion and effective advertising. As of 30 June 2003, the Group distributed 18 international brands through 715 self-operated and franchised boutiques at designated cities in the Chinese Mainland, compared with 761 boutiques at the end of last year.

The Group anticipates that retail sales for high fashion in major cities will gradually return to normal following winning the fight against the SARS. Meanwhile, the Group will continue to focus on individual brand profitability.

香港零售

截至二零零三年六月三十日止六個月，本業務錄得營業額港幣466,100,000元，比去年同期下跌18.7%，未計公司總部利息及費用前虧損淨額達港幣6,200,000元，去年同期則為純利港幣7,400,000元。本地經濟不景，三月份又爆發非典型肺炎，加上本集團在二零零二年結束兩間華潤百貨，都是表現回落的主因。在非典型肺炎的刺激下，華潤堂在回顧期間的藥品銷量上升，盈利增長強勁。然而，非典型肺炎却令旅客和顧客驟降，對中藝和華潤百貨的表現起了不同程度的影響。於二零零三年六月底，本集團經營2間華潤百貨、5間中藝、2間超級店和20間標準店華潤堂。回顧期間，本集團採取積極行動減低非典型肺炎的影響，包括減省宣傳開支和員工成本的節流方案。

食品加工及經銷

截至二零零三年六月三十日止六個月，本業務錄得營業額港幣2,357,400,000元，比去年同期下跌1.3%，未計公司總部利息及費用前純利達港幣175,500,000元，比去年同期上升1.8%。

二零零三年上半年，活畜經銷業務的營業額從去年同期穩步增長2.7%，抵消了因取消出口至香港之冷凍肉食配額獨家代理權而使其銷售下降。由於集團大力宣傳「五豐」品牌的優質

Hong Kong Retail

For the six months ended 30 June 2003, the operation reported a turnover of HK\$466.1 million, down by 18.7% over the same period of last year and a net loss before corporate interest and expenses of HK\$6.2 million, compared to a profit of HK\$7.4 million of last year. The lackluster performance was attributable to the sluggish economy, outbreak of SARS in March this year and also the closure of two CRC Department Stores 華潤百貨 in 2002. Partly stimulated by the effects of SARS, CR Care Stores 華潤堂 reported increase in sales for medicine and drugs and decent profit growth for the period under review. SARS impacted the performance of Chinese Arts & Craft Stores 中藝 and CRC Department Stores 華潤百貨 in varying proportions, due to drop in tourists and customer visits. At the end of June 2003, the Group operated 2 CRC Department Stores 華潤百貨, 5 Chinese Arts & Craft Stores 中藝, 2 super-sized and 20 smaller-sized CR Care Stores 華潤堂. During the period under review, the Group has taken active steps to mitigate the SARS impact, including cost cutting measures for marketing expenses and staffing.

Food Processing and Distribution

For the six months ended 30 June 2003, the operation reported a turnover of HK\$2,357.4 million, a decrease of 1.3% and a net profit before corporate interest and expenses of HK\$175.5 million, an increase of 1.8%, compared with the same period last year.

Turnover of livestock distribution grew steadily by 2.7% for the first half of 2003, compared with that of last year, compensating for the decline in sales of frozen meat following the uplift of export quota. The better than expected

鮮肉達到成效，本業務的表現勝於預期。然而，非典型肺炎疫情和香港市民消費意欲不振，令飲食業雪上加霜，影響了食品經銷業務的表現。

二零零三年上半年遠洋捕撈和水產品加工業務的經營盈利較去年同期攀升88.6%，這驕人成績，乃由於集團努力開闢魚場，提高船隊效能，令捕撈量增長16.9%，並提升了捕撈的質素。

至於食品生產和加工業務內的冰淇淋業務，本集團致力開拓客源，進行市場推廣和宣傳活動提高市場滲透率，豐富冰淇淋種類，使業務表現令人滿意，營業額比去年同期增長18.8%。

為了迎接面前的種種挑戰，本集團會落實審慎的市場推廣策略，進行多元化的宣傳活動，產品推陳出新，把握大陸肉食市場湧現的新投資機會，加快業務增長。本集團已在二零零三年三月於上海成立了首間合營企業，建設現代化肉類加工中心。

performance was attributable to active promotion on high quality fresh meat under the “Ng Fung” brand name. However, the performance of foodstuffs distribution was affected by the gloomy outlook of restaurant and catering industry, due to the outbreak of SARS and weak consumer sentiments in Hong Kong.

The marine fishing and aquatic products processing operation recorded a surge in operating profit by 88.6%, over that of last year for first half of 2003. These encouraging results were the direct benefits from efforts taken in exploring more fishing ground and enhancing catching capability of fishing fleet which resulted in growth of 16.9% in total catches, and improvement in quality of catches.

The ice-cream business under the food production and processing operation experienced satisfactory performance, due to efforts made in broadening customer base and enhancing market penetration through marketing and promotional campaigns and diversifying product range, leading to an 18.8% increase in turnover when compared to last year.

To cope with the challenges ahead, the Group will accelerate its business growth, through prudent marketing strategy, diversified promotional campaigns, rollout of new products and new investment opportunities in the Chinese Mainland meat market. In March 2003, the Group has set up its first joint venture to construct a modern meat-processing operation in Shanghai.

飲品

截至二零零三年六月三十日止六個月，飲品業務錄得營業額港幣1,908,600,000元，比去年增長3.4%，未計公司總利息及費用前純利達港幣25,300,000元，比去年下滑34.3%。回顧期內，由於受到非典型肺炎沖擊，吉林和大連盈利表現下跌，再加上新收購北京釀酒廠的初期虧損，飲品業務總體表現受到影響。

二零零三年上半年的啤酒銷量合共1,228,678千升，比去年同期上升8.8%。銷量增長是因為二零零二年收購武漢和盤錦的新釀酒廠，二零零三年收購北京的新釀酒廠，以及四川藍劍釀酒廠的銷量穩步增長所致，我們亦晉身成為國內啤酒市場的第二大釀酒廠。本集團的「雪花」牌產品的銷量較二零零二年上半年跳升45%至302,000千升，佔整體銷量25%，反映出我們的全國性品牌發展策略使滲透率得以逐步提升。內涵增長達5.4%，其中四川、安徽及瀋陽的釀酒廠錄得驕人的盈利，而哈爾濱釀酒廠的虧損亦大幅收窄。儘管促銷活動令平均價格下跌6%，但毛利率仍能與去年持平。

於二零零三年六月底，釀酒廠的數量合計29間，年生產能力約4,100,000千升。二零零三年上半年，純淨水的銷售量達165,271千升，比去年增長逾34.4%。

Beverage

For the six months ended 30 June 2003, the beverage operation reported a turnover of HK\$1,908.6 million, an increase of 3.4% over last year and a net profit before corporate interest and expenses of HK\$25.3 million, down by 34.3% compared to that of last year. The profit performance for the period under review was affected by SARS, reduced profitability in Jilin and Dalian, as well as initial loss of the newly acquired brewery in Beijing.

Sales volume of beer for the first half of 2003 totaled 1,228,678 kilolitres, an increase of 8.8% compared to the same period last year, aided by the addition of the new breweries at Wuhan and Panjin acquired in 2002 and at Beijing acquired in 2003, and the stable growth for the Sichuan Blue Sword, consolidating our market position as the second largest brewer in the Mainland. Sales volume of our national brand, "SNOW 雪花", increased by 45% from first half of 2002 to 302,000 kilolitres, representing 25% of the total volume sold, reflecting its growing penetration following the implementation of our brand development strategy in the whole country. Organic sales volume growth of beer was 5.4% with strong earnings performance at Sichuan, Anhui and Shenyang, and the loss at Harbin was substantially reduced. Average selling prices decreased by 6% due to promotional activities but gross margin was in line with last year.

As of June 2003, total number of breweries was 29 with a combined annual production capacity of approximately 4.1 million kilolitres. Sales volume of purified water for the first half of 2003 amounted to 165,271 kilolitres, up by 34.4% over last year.

為進一步配合國內品牌的發展及加強釀酒廠的管理，於二零零三年八月及九月分別向某些合營夥伴收購其部份少數股東權益。

紡織

截至二零零三年六月三十日止六個月，紡織業務錄得營業額港幣1,410,500,000元，去年則為港幣999,500,000元，未計公司總部利息及費用前純利達港幣82,300,000元，去年則為港幣47,200,000元。

二零零三年上半年表現理想，主要是由於收購帶來的增長，以及棉價攀升導致紗線和布匹的售價大幅上升，再透過有效控制棉花購入成本，利潤比預期有所提升。整體邊際利潤仍達5.8%，二零零二年上半年則為4.7%。縱然受非典型肺炎的影響，但由於大部份成衣出口訂單在二零零三年二月前已經訂立，故成衣出口仍有不俗表現。

自本年初，本集團共收購了三間紡織廠，一間位於江蘇，其餘兩間位於陝西。本集團的12家紡織廠設備包括：環錠紡96萬枚、布機14.6萬台、印染加工線13條，年產能力：各類紗10萬噸、各類布2.6億米、印染加工1.3億米。二零零三年七月，本集團完成收購華潤錦華股份有限公司約51%股權。該公司是深圳的一間上市公司，在四川經營紡織生產業務。預期該項收購可鞏固紡織業務在二零零三年下半年的表現。

To facilitate national brand development and brewery management, further acquisitions of part of the minority stakes from certain JV partners were made in August and September 2003.

Textile

For the six months ended 30 June 2003, the textile operation reported a turnover of HK\$1,410.5 million as compared to HK\$999.5 million for the same period last year and a net profit before corporate interest and expenses of HK\$82.3 million as compared to HK\$47.2 million of last year.

The satisfactory performance for the first half of 2003 was due primarily to acquisition growth and also the cotton price hike, which led to substantial increase in the selling prices for yarn and fabrics. Effective control over cotton purchased cost contributed also to the higher-than-expected profit. Overall net margin was about 5.8% compared with 4.7% for the first half of 2002. Despite the SARS effect, garment exports performed well as most orders were secured prior to February 2003.

Since the beginning of this year, the Group acquired three other textile plants, including one in Jiangsu and two in Shaanxi. Our 12 textile plants, equipped with 960,000 spindles, 14,600 looms and 13 printing & dyeing lines, are capable of an annual production of 100,000 tonnes of yarns, 260 million metres of grey fabrics and 130 million metres of finished fabrics. In July 2003, the Group completed the acquisition of an approximate 51% equity interest in 華潤錦華股份有限公司 China Resources Jinhua Co. Ltd., a Shenzhen-listed company with textile production operation in Sichuan. Such acquisition is expected to reinforce the textile operation's performance in the second half of 2003.

本集團正進行技術改造計劃，購置新型號機器取代舊有機器。為了提升盈利能力，本集團將會密切注視棉類和成衣配額的價格變動。本集團期盼假以時日，可晉身成為市場首屈一指的紡織廠商，以本身的品牌製造和銷售紡織產品。

物業

截至二零零三年六月三十日止六個月，本集團的物業業務錄得營業額港幣142,600,000元，比去年下跌33.6%，未計公司總部利息及費用前純利達港幣165,900,000元，比去年上升70.9%。

物業發展

本集團在香港的物業發展業務包括灝景灣的55%權益。本業務在回顧期間錄得營業額港幣5,000,000元（二零零二年：港幣66,100,000元），未計公司總部利息及費用前純利達港幣22,100,000元（二零零二年：港幣9,900,000元）。灝景灣發展項目已經落成，絕大部份住宅單位已在過往數年售出。於二零零三年六月底，只有2個住宅單位尚未售出，而且500個停車位中，有212個已經售出，256個已經租出。

收租物業

收租物業包括辦公室、零售店鋪和工業單位。截至二零零三年六月三十日止六個月，本業務錄得營業額港幣137,600,000元，比去年下跌7.4%，未計公司總部利息及費用前純利達港幣143,800,000元，同比上升64.9%。租金收入減少是由於旺角中心進行翻新工程，以及給予受非典型肺炎影響的租戶減租優惠。

The Group is making progress with its technology upgrade program to replace the old machines with advanced models. In a bid to enhance profitability, the Group will monitor the price movements closely for cotton and garment quota. Over time, the Group aspires to become a leader in the market place, manufacturing and trading textile products under its own brand.

Property

For the six months ended 30 June 2003, the Group's property segment reported a turnover of HK\$142.6 million, a decrease of 33.6% over last year and a net profit before corporate interest and expenses of HK\$165.9 million, up by 70.9% compared to last year.

Property development

The Group's Hong Kong property development, which comprises its 55% interest in the Villa Esplanada project, recorded a turnover for the period under review of HK\$5.0 million (2002: HK\$66.1 million) and a net profit before corporate interest and expenses of HK\$22.1 million (2002: HK\$9.9 million). The development has been completed with all residential units substantially sold in prior years. At the end of June 2003, only 2 residential units remained unsold. Of the 500 car parks, 212 were sold and 256 leased at the end of June 2003.

Rental Properties

Rental properties include office, retail and industrial premises. For the six months ended 30 June 2003, the operation reported a turnover of HK\$137.6 million, a decrease of 7.4% over last year and a net profit before corporate interest and expenses of HK\$143.8 million, up by 64.9% compared to last year. The rental shortfall was due to the renovation work at Argyle Centre and rental concessions made to some SARS-affected tenants.

儘管香港經濟疲弱，回顧期內的辦公室單位平均出租率仍取得輕微改善，而零售店鋪的平均出租率則維持高企。本集團旗下位於旺角中心的零售物業，已由原先的華潤百貨轉為一座時尚購物中心，迄今已租出逾70%鋪位，租金水平理想。旺角中心的物業用途由自用固定資產轉為投資性物業，故增加了遞延稅項的稅項抵免。

投資及其他業務

截至二零零三年六月三十日止六個月，本集團其他投資業務錄得營業額港幣167,900,000元（二零零二年：港幣272,600,000元），未計公司總部利息及費用前純利達港幣167,500,000元（二零零二年：港幣190,800,000元）。

貨櫃碼頭

本集團擁有 HIT Investments Limited 的10%權益。香港的貨櫃碼頭業務的吞吐量與去年持平，息稅前盈利下跌5%。而鹽田港業務的吞吐量增長30%，息稅前盈利增長38%。

建築材料

截至二零零三年六月三十日止六個月，本業務錄得營業額港幣167,900,000元，比去年同期下跌23.2%，未計公司總部利息及費用前純利達港幣9,100,000元，去年則為港幣36,600,000元。在二零零三年六月三十日資產負債表結賬日後，本公司成功透過向股東分派實物股息分拆建築材料業務。

Despite the weak economy in Hong Kong, average occupancy rates of office premises improved slightly while that of retail premises remained high during the period under review. The Group's retail property at Argyle Centre, previously occupied by a CRC Department Store 華潤百貨, has been converted into a trendy mall, with more than 70% successfully leased so far at satisfactory rates. Due to change in use of the property from fixed assets for own use to investment property, it resulted in an increase in deferred tax credit.

Investments and Others

For the six months ended 30 June 2003, the Group's other investments reported a turnover of HK\$167.9 million (2002: HK\$272.6 million) and a net profit before corporate interest and expenses of HK\$167.5 million (2002: HK\$190.8 million).

Container Terminal

The Group has a 10% interest in HIT Investments Limited. In Hong Kong, the operations reported throughput in line with last year and earnings before interest and tax (EBIT) declined 5%. The Yantian port operations reported throughput growth of 30% and EBIT growth of 38%.

Building Materials

For the six months ended 30 June 2003, the operation reported a turnover of HK\$167.9 million, a decrease of 23.2% over the same period last year and a net profit before corporate interest and expenses of HK\$9.1 million as compared to last year of HK\$36.6 million. Subsequent to the balance sheet date as of 30 June 2003, the Company has successfully spun off its building materials operations by way of a distribution in specie to the shareholders.

資金及融資

本集團集中所有業務的剩餘資金並採取中央資金管理，務求可更有效地監控庫務運作及營運管理需要，藉此減省平均融資成本。截至二零零三年六月三十日，本集團的綜合現金及現金等值達港幣4,315,000,000元。本集團於二零零三年六月三十日的借貸為港幣5,795,000,000元，其中港幣1,970,000,000元於一年內到期，港幣3,825,000,000元於二至五年內到期。本集團於二零零三年六月三十日尚未動用的借貸備用額約港幣1,500,000,000元。除了230,000,000美元可換股擔保債券以固定息率計算利息外，所有借貸均以浮動息率計算。

以本集團的綜合借貸淨額比對股東資金及少數股東權益計算，本集團的負債比率維持在約8.8%的低位。再加上現有銀行信貸備用額，本集團於可見的未來有足夠的財務資源為其營運提供資金以及應付投資計劃。

本集團的主要資產、負債、收入及支出是以美元、港幣及人民幣為單位。本集團預計由外匯兌換波動所帶來風險程度是有限的。截至二零零三年六月三十日，本集團的現金存款餘額中有52%以港幣持有、26%以人民幣持有及22%以美元持有。本集團的借貸中有36%以美元列值、36%以人民幣列值而餘下以港幣列值。

CAPITAL AND FUNDING

The Group centralizes surplus fund and funding requirements for all its operations to achieve better treasury operational control and average cost of funds. As at 30 June 2003, the Group's consolidated cash and cash equivalent amounted to HK\$4,315 million. The Group's borrowings as at 30 June 2003 were HK\$5,795 million with HK\$1,970 million payable within 1 year, HK\$3,825 million within 2 to 5 years. Committed borrowing facilities available to the Group, but not drawn as at 30 June 2003, amounted to HK\$1,500 million. All the borrowings are subject to floating rates except for the US\$230 million convertible guaranteed bonds, which are subject to fixed interest rate.

Calculated on the basis of the Group's net borrowings over shareholders' funds and minority interests, the Group's net gearing ratio remained low at approximately 8.8%. Together with the available banking facilities, the Group has adequate financial resources to finance its operations and to cope with its investment plans in the foreseeable future.

The Group's principal assets, liabilities, revenue and payments are denominated in US dollars, Hong Kong dollars and Renminbi. The Group expects that the risk exposures to foreign exchange rate fluctuations are minimal. As of 30 June 2003, 52% of the Group's cash deposit balances was held in Hong Kong dollars, 26% in Renminbi and 22% in US dollars. 36% of the Group's borrowings were denominated in US dollars and 36% in Renminbi with the remainder in Hong Kong dollars.

資產質押

於二零零三年六月三十日資產負債表結算日，本集團已抵押賬面淨值達港幣571,900,000元（二零零二年十二月：港幣466,400,000元）的固定資產來獲取短期貸款金額達港幣359,500,000元（二零零二年十二月：港幣370,600,000元）。

或然負債

於二零零三年六月三十日，本集團並無重大或然負債。

PLEDGE OF ASSETS

At the balance sheet date of 30 June 2003, the Group has pledged its fixed assets with a net book value of HK\$571.9 million (December 2002: HK\$466.4 million) to secure short-term loans in sum of HK\$359.5 million (December 2002: HK\$370.6 million).

CONTINGENT LIABILITIES

The Group does not have any material contingent liabilities as at 30 June 2003.