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# Management Discussion and Analysis

## 管理層之討論及分析

### Review of Financial Results

The Group's turnover for the nine months ended 31 December 2002 totaled to HK\$1,323.3 million (HK\$2,028.9 million for the year ended 31 March 2002). The Group's audited consolidated loss before minority interests for the nine months ended 31 December 2002 amounted to HK\$304.1 million (HK\$669.7 million for the year ended 31 March 2002). This was mainly made up of loss on operation of HK\$34.2 million (HK\$90.6 million for the year ended 31 March 2002), share of results of associates of HK\$33.5 million (HK\$129.3 million for the year ended 31 March 2002), impairment loss on and amortisation of both tangible and intangible assets of HK\$13.4 million (HK\$382.9 million for the year ended 31 March 2002), and provision for irrecoverable advances and trade debts totaled to HK\$184.9 million (HK\$57.1 million for the year ended 31 March 2002).

### Travel and Related Services

The tourism business of Hong Kong recovered slowly from the "911" episode during the period under the shadow of war between USA and Iraq, the terrorists attacks in Indonesia and Philippines, and the persistently high unemployment rate in Hong Kong. As a result, turnover of this business segment for the nine months ended 31 December 2002 was HK\$1,185.6 million (HK\$1,849.1 million for the year ended 31 March 2002). The loss for this segment was HK\$6.5 million (HK\$30.4 million for the year ended 31 March 2002).

### Transportation Services

Though facing keen competition on cross-border coach business, revenue generated from our transportation business improved gradually with the increasing demand on our exclusive shuttle bus service between Hong Kong International Airport and Shenzhen Bao An International Airport. Turnover of this business segment was HK\$144.5 million (HK\$196.2 million for the year ended 31 March 2002). As a result, the transportation services recorded a loss of HK\$7.6 million during the nine months ended 31 December 2002 (HK\$25 million for the year ended 31 March 2002).

### Associated Companies

The associated company, operating a 5-stars hotel in Harbin, the PRC, continued to report an operating loss. The Group's share of loss of this company for the nine months ended 31 December 2002 was HK\$30.2 million (HK\$128.3 million for the year ended 31 March 2002).

The Group's share of results of Rosedale Hotel Group Limited (formerly known as China Land Group Limited) ("Rosedale") acquired in December 2002 was a loss of HK\$2.4 million.

### 財務業績回顧

本集團截至二零零二年十二月三十一日止九個月之營業額合共1,323,300,000港元(截至二零零二年三月三十一日止年度:2,028,900,000港元)。本集團截至二零零二年十二月三十一日止九個月之經審核除少數股東權益前綜合虧損為304,100,000港元(截至二零零二年三月三十一日止年度:669,700,000港元)，主要包括經營虧損34,200,000港元(截至二零零二年三月三十一日止年度:90,600,000港元)、應佔聯營公司業績33,500,000港元(截至二零零二年三月三十一日止年度:129,300,000港元)、有形及無形資產減值虧損及攤銷13,400,000港元(截至二零零二年三月三十一日止年度:382,900,000港元)及不可收回墊款及貿易債項撥備合共184,900,000港元(截至二零零二年三月三十一日止年度:57,100,000港元)。

### 旅遊及相關服務

於期內，在「九一一」事件以及美伊戰爭的陰霾濃罩下，加上印尼及菲律賓發生恐怖襲擊事件以及香港失業率持續高企，致令香港旅遊業務之復甦步伐緩慢。基於上述原因，此業務截至二零零二年十二月三十一日止九個月之營業額為1,185,600,000港元(截至二零零二年三月三十一日止年度:1,849,100,000港元)，此業務錄得之虧損為6,500,000港元(截至二零零二年三月三十一日止年度:30,400,000港元)。

### 客運服務

雖然過境巴士業務面對激烈競爭，惟隨著本集團往來香港國際機場直通深圳寶安國際機場之巴士專營服務需求持續攀升，本集團源自客運業務之收入亦漸有改善。截至二零零二年十二月三十一日止九個月，此項業務之營業額為144,500,000港元(截至二零零二年三月三十一日止年度:196,200,000港元)。因此，客運業務於截至二零零二年十二月三十一日止九個月內錄得虧損7,600,000港元(截至二零零二年三月三十一日止年度:25,000,000港元)。

### 聯營公司

本集團旗下於中國哈爾濱經營一間五星級酒店之聯營公司繼續錄得經營虧損，截至二零零二年十二月三十一日止九個月，本集團應佔該公司虧損為30,200,000港元(截至二零零二年三月三十一日止年度:128,300,000港元)。

本集團於二零零二年十二月收購之珀麗酒店集團有限公司(前稱中國置地集團有限公司)、「珀麗」之應佔業績為虧損2,400,000港元。

## Material Acquisitions and Disposals

On 22 July 2002, the Company entered into a subscription agreement and a conditional sale and purchase agreement with Rosedale. Under the agreements, the Company, or its nominee, agreed to subscribe for 1,000,000,000 shares in Rosedale at a price of HK\$0.30 each for cash and to dispose of its entire interest in and advances to an investment holding company (the "Investment Company") holding a right to acquire 60% interest in a hotel operated in Luoyang, the PRC for a consideration of HK\$110 million which was satisfied by 366,666,666 new shares issued by Rosedale. The subscription of new shares in and disposal of the Investment Company to Rosedale shall be completed subject to settlement of the outstanding payment in accordance to the payment schedule.

On 24 July 2002, the Group entered into a share sales agreement with Comfort Group Ltd, the owner of 25% interest in Trans-Island Limousine Service Limited ("Trans-Island"), to acquire the 25% interest sold in 2001 at a consideration of HK\$40,000,000. The acquisition shall be completed subject to settlement of the outstanding payment in accordance to the payment schedule.

On 11 December 2002, the Group entered into an agreement with the joint venture partner for a joint development of a piece of land in Chengdu, the PRC, to withdraw from the joint venture project entered into in 2001. Under the agreement, the joint venture partner will transfer the titles of a total of approximately 3,000 square meters of commercial areas and car parking spaces in a commercial building in Chengdu, the PRC, to the Group in satisfaction of the deposit of HK\$70,500,000 paid for the joint development project in 2001. The agreement has not yet been completed.

On 13 December 2002, the Group entered into an agreement with the borrower, who purchased certain properties of the Group during the year ended 31 March 2002, to settle a sum of HK\$77.2 million due to the Group. Under the agreement, the borrower will transfer its holding of a 26% interest in a property company incorporated in Guangxi, the PRC, to the Group to settle the aforesaid sum owed. The agreement has not yet been completed.

During the period, the Group has paid a deposit of HK\$60 million to an independent third party to acquire the interest in a co-operative joint venture which will develop and operate a hotel in Guangdong, the PRC.

## Liquidity and Capital Resources

At balance sheet date, the Group's total borrowings were HK\$489.9 million which comprised loans from related companies of approximately HK\$6.5 million, bank and other borrowings repayable within one year of approximately HK\$184.5 million, bank and other borrowings repayable after one year of HK\$21.7 million, obligations under finance lease and sale and lease back arrangements of HK\$23.1 million and outstanding convertible notes of HK\$254.1 million repayable in 2 years from the date of issue.

## 重大收購及出售事項

於二零零二年七月二十二日，本公司與珀麗訂立一份認購協議及一份有條件買賣協議。根據該等協議，本公司或其代名人同意以現金按每股作價0.30港元認購1,000,000,000股珀麗股份，並以代價110,000,000港元出售一間投資控股公司（「投資公司」）之全部權益及墊款（該附屬公司有權收購一間在中國洛陽市經營之酒店之60%權益），而珀麗則以發行366,666,666股新股份支付代價。認購珀麗之新股份及出售投資公司予珀麗須按還款期清還未償還款項後，方為完成。

於二零零二年七月二十四日，本集團與康福集團有限公司（環島旅運有限公司（「環島」）25%權益之持有人）訂立股份出售協議，以代價40,000,000港元購入於二零零一年售出之環島25%權益。收購事項須按還款期清還未償還款項後，方為完成。

於二零零二年十二月十一日，本集團與合營企業夥伴訂立協議，撤銷本集團與合營夥伴於二零零一年所訂立之有關開發位於中國成都市一幅土地之合營項目。根據該協議，該合營企業夥伴將會以位於中國成都市一幢商業大廈內，面積約3,000平方米之商業空間及停車場之業權轉讓予本集團，作為抵銷付予該二零零一年合作開發項目之訂金70,500,000港元。該協議尚未完成。

於二零零二年十二月十三日，本集團與一位於截至二零零二年三月三十一日止年度內購入本集團若干物業之借款人訂立協議，以清還尚欠本集團之77,200,000港元。根據該協議，借款人會將其持有之一間在中國廣西註冊成立之物業公司之26%權益轉讓予本集團，以支付上述欠款。該協議尚未完成。

於期內，本集團已向一獨立第三方支付訂金60,000,000港元，以收購一間合營企業之權益。該合營企業將於中國廣東省內發展及經營一間酒店。

## 流動資金及資本來源

於結算日，本集團之借貸總額為489,900,000港元，其中包括關連公司貸款約6,500,000港元，須於一年內償還之銀行及其他借貸約184,500,000港元，須於一年後償還之銀行及其他借貸21,700,000港元，融資租約及售後租回協議之承擔23,100,000港元以及須於發行日期起計兩年內償還之尚未行使可換股票據254,100,000港元。

# Management Discussion and Analysis

## 管理層之討論及分析

In April 2002, the Company has raised approximately HK\$499.6 million to reduce its debts and to finance its working capital and expansion plans by the issue of 4,800,000,000 new shares for cash amounted to HK\$129.6 million and convertible notes of HK\$370 million.

On 31 May 2002, the Company has entered into three subscription agreements with three subscribers to subscribe for 2,000,000,000, 500,000,000 and 500,000,000 shares respectively in the Company at a price of HK\$0.08 per share. The last two subscriptions have been completed while the subscription of 2,000,000,000 shares in the Company has not completed. As stated in the Company's announcement dated 4 April 2003, the subscription agreement in relation to 2,000,000,000 shares in the Company is in dispute. Further announcement will be made as and when appropriate.

Owing to the additional borrowings arranged to finance the abovementioned acquisition of interests in Rosedale, the gearing ratio, expressed as a percentage of total borrowings to shareholders' funds, increased from 42.4% to 74.1% at balance sheet date.

### Pledge of Assets

At balance sheet date, certain assets of the Group amounted to HK\$121.6 million (at 31 March 2002: HK\$128.2 million) were pledged to banks and financial institutions for banking and leasing facilities.

In addition, at 31 December 2002, the Group also pledged its holding of 1,000,000,000 shares in Rosedale with a market value of approximately HK\$200 million to secure other loans of HK\$100 million to the Group.

### Contingent Liabilities

During the period, the Company, in relation to the disposal of its interest in a subsidiary holding Luoyang Golden Gulf Hotel Co. Limited, has given an undertaking to Rosedale to indemnify them against any potential loss they may suffer as a result of failure to transfer the land use right to the former subsidiary including the payment of any land premium payable for such transfer. It is estimated that the land premium for such transfer would be approximately HK\$37.3 million.

The Company's total contingent liabilities at 31 December 2002 were approximately HK\$200 million (at 31 March 2002: HK\$208.5 million) in relation to guarantees given to banks, financial institutions and suppliers in respect of credit facilities granted to its subsidiaries, and in respect of the aforesaid undertaking given to Rosedale.

於二零零二年四月，本公司透過以現金代價129,600,000港元發行4,800,000,000股之新股份及370,000,000港元之可換股票據，籌措約499,600,000港元用以削減債務、應付營運資金及擴充計劃所需。

於二零零二年五月三十一日，本公司分別與三位認購人訂立三份認購協議，按每股作價0.08港元分別認購2,000,000,000股、500,000,000股及500,000,000股本公司股份。最後兩項認購事項已經完成，而有關認購2,000,000,000股本公司股份之事項則尚未完成。誠如本公司於二零零三年四月四日之公佈所述，有關本公司2,000,000,000股股份之認購協議發生爭議。本公司將於適當時候另行發表公佈。

由於本公司須就上述收購珀麗權益一事安排額外借貸，導致以借貸總額相對股東資本百分比表示之資產負債比率，由42.4%增加至結算日之74.1%。

### 資產抵押

於結算日，本集團若干價值121,600,000港元（於二零零二年三月三十一日：128,200,000港元）之資產已抵押予銀行及財務機構用作取得銀行及租賃融資額。

此外，本集團於二零零二年十二月三十一日亦已將其持有市值約200,000,000港元之1,000,000,000股珀麗股份抵押，作為本集團獲授之其他貸款100,000,000港元之擔保。

### 或然負債

於期內，本公司就有關出售其於一間持有洛陽金水灣大酒店有限公司之附屬公司之權益一事，向珀麗承諾彌償因未能轉讓予該前附屬公司土地使用權而蒙受之任何潛在損失，包括任何就該轉讓應付之地價。該轉讓之地價預計應約為37,300,000港元。

於二零零二年十二月三十一日，本公司之或然負債總額約為200,000,000港元（於二零零二年三月三十一日：208,500,000港元），包括本公司向銀行、財務機構及供應商就其附屬公司獲授之信貸融資而作出之擔保以及上述向珀麗作出之承諾。

## Currency Exposure

The majority of the Group's assets and liabilities and business transactions are denominated in Hong Kong dollars, US dollars and Renminbi. As such, the fluctuation of foreign currencies did not have a significant impact on the performance of the Group.

The Group shall continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

## Employees

At 31 December 2002, the Group has 1,257 employees of which 95 were stationed in the PRC and 24 were stationed overseas. Competitive remuneration packages are structured to commensurate with the responsibilities, qualifications, experience and performance of individuals. The Group also provided training programs, provident fund scheme and medical insurance for its employees. Total staff costs for the nine months ended 31 December 2002 were approximately HK\$125.2 million (HK\$203.5 million for the year ended 31 March 2002).

The share option scheme of the Company approved by its shareholders on 19 September 1997 was terminated on 3 May 2002 and replaced by a new share option scheme being approved and adopted on the same date. The new share option scheme is valid and effective for a period of 10 years since the date of adoption.

## 貨幣風險

本集團之大部份資產、負債及業務交易均以港元、美元及人民幣結算。因此，外幣匯率波動對本集團之表現並未造成重大影響。

本集團會繼續謹慎監控其外幣風險及需要，並會於需要時安排對沖融資額。

## 僱員

於二零零二年十二月三十一日，本集團聘用1,257名僱員，當中95名駐居中國及24名駐居海外。本集團為僱員提供與職責、資歷、經驗及個人表現相稱之優越薪酬組合。此外，本集團亦為其僱員提供培訓課程、公積金計劃及醫療保險。截至二零零二年十二月三十一日止九個月之總員工成本約為125,200,000港元（截至二零零二年三月三十一日止年度：203,500,000港元）。

本公司股東於一九九七年九月十九日批准之購股權計劃，已於二零零二年五月三日終止，並由一項於同日獲批准及採納之新購股權計劃予以取代。該新購股權計劃由採納之日起計十年內生效及有效。