

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$561,105,000 for the year ended March 31, 2004, representing an increase of approximately 293% as compared to the year ended March 31, 2003. The increase in turnover was mainly due to increases in securities trading and investments. The loss attributable to shareholders for the year ended March 31, 2004 was approximately HK\$108,838,000 as compared to the profit of approximately HK\$190,447,000 in 2003 which was mainly due to the loss from the investment in marketable securities arising from the realised and unrealised loss on other investments in China Gas Holdings Limited ("China Gas").

The loss per share for the year was HK\$0.073 when compared with earnings per share of HK\$0.135 in last year.

LIQUIDITY AND CAPITAL RESOURCES

During the period under review, the Company raised HK\$3,750,000 from the exercise of warrants resulting in the issue of 30,000,000 shares.

As at March 31, 2004, the Group's current ratio was 7.7 (3.31.2003: 11.9) and the gearing of the Group was 20.1% (3.31.2003: 13.0%) which was calculated based on the total borrowings of HK\$71,088,000 and the shareholders' fund of HK\$353,959,000. Bank balance and cash amounted to approximately HK\$144,311,000 (3.31.2003: HK\$115,265,000).

Capital commitments in respect of the acquisition of property, plant and equipment not provided in the financial statements as at March 31, 2004 was HK\$43,033,000 (3.31.2003: nil) which would require HK\$10,033,000 of the Group's present cash resources and HK\$33,000,000 external funding.

MATERIAL ACQUISITIONS AND DISPOSAL AND FUTURE PLANS FOR MATERIAL INVESTMENTS

In December 2002, the Company entered into a conditional agreement to acquire 39.51% of the issued capital and 1,050,000 warrants of American Pacific Bank, a licensed bank incorporated in the U.S. with its shares listed on NASDAQ in the U.S. for a consideration of HK\$134,000,000. The acquisition was approved by the independent shareholders of the Company in May 2003 but was still subject to the approval by relevant government or regulatory authorities in the U.S. Due to the change in the prevailing market conditions, the share price of the Company increased significantly and the Company considered that issuing shares upon full conversion of the convertible bonds at a great discount was not for the best interest of the Company and the shareholders of the Company as a whole. Therefore, the Company requested the vendor on September 5, 2003, and the vendor agreed on the same day, that both the Company and the vendor have elected to treat the Agreement to have ceased and determined.

管理層討論與分析

財務回顧

本集團就截至二零零四年三月三十一日止年度錄得營業額約561,105,000港元，較截至二零零三年三月三十一日止年度增加約293%，主要受到證券買賣及投資的增長帶動。截至二零零四年三月三十一日止年度的股東應佔虧損約108,838,000港元，而二零零三年則有溢利約190,447,000港元，主要源自於中國燃氣控股有限公司（「中國燃氣」）投資的持有已變現及未變現虧損之有價證券投資虧損。

年內每股虧損為0.073港元，而去年則為盈利每股0.135港元。

流動資金及資金來源

回顧期內，本公司透過認股權證獲行使集資3,750,000港元，因而發行30,000,000股股份。

於二零零四年三月三十一日，本集團之流動比率為7.7（二零零三年三月三十一日：11.9），而資產負債比率則為20.1%（二零零三年三月三十一日：13.0%）。資產負債比率乃按總借貸71,088,000港元與股東資金353,959,000港元計算。銀行結存及現金約144,311,000港元（二零零三年三月三十一日：115,265,000港元）。

於二零零四年三月三十一日，有關收購物業、廠房及設備而未於財務報表作出撥備之資本承擔為43,033,000港元（二零零三年三月三十一日：無），須以本集團現有現金資源10,033,000港元及外來資金33,000,000港元撥付。

重大收購及出售與日後重大投資計劃

於二零零二年十二月，本公司訂立有條件協議，按代價134,000,000港元收購American Pacific Bank 39.51%已發行股本及1,050,000份認股權證。該銀行為於美國註冊成立之持牌銀行，其股份於美國納斯達克市場上市。該項收購於二零零三年五月獲本公司獨立股東批准，惟尚有待美國有關政府或監管機關批准。由於現行市況有變，本公司之股價大幅飆升，而本公司認為於可換股債券獲全面轉換時按重大折讓發行股份，並不符合本公司及本公司股東整體最佳利益。因此，本公司於二零零三年九月五日要求賣方，而賣方亦於同日同意，本公司及賣方均已選擇視該協議為已終止及終結。

MANAGEMENT DISCUSSION AND ANALYSIS

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MATERIAL ACQUISITIONS AND DISPOSAL AND FUTURE PLANS FOR MATERIAL INVESTMENTS – continued

In February 2003, an agreement was entered into between the Group and China EnerSave Limited (formerly known as EnerSave Holdings Limited) (“Enersave”), a company incorporated in Singapore with its shares listed on The Singapore Exchange Securities Trading Limited (“SGX-ST”), pursuant to which the Group agreed to sell respectively 9% equity interest in each of Online Credit Card Limited (“OCCL”), Online Discount Card Limited and China Credit Card Limited, subsidiaries of the Group, for a total consideration of S\$6,000,000 to be satisfied by the allotment and issue of 40,000,000 new shares of Enersave. The transaction was completed in July 2003 and Enersave was classified as an associate of the Group. Subsequent to the balance sheet date, the Group has disposed its entire interest in Enersave in the open market.

In July 2003, the Group entered into a conditional bond subscription agreement to subscribe for a convertible bond with principal amount of S\$4,000,000 and a call option issued by Futuristic Image Builder Ltd. (“Futuristic”), a company incorporated in Singapore and its shares are listed on the SGX-ST, for a consideration of S\$4,000,000. The consideration was satisfied by the payment of S\$1,500,000 in cash, transfer of 3,050,000 common shares of a subsidiary of the Group, Global Med at a consideration of S\$2,499,999 and procuring Futuristic with exclusive marketing rights for all technology, products and services provided by Global Med for the countries of Indonesia, Malaysia, Thailand and Singapore at a nominal consideration of S\$1. The convertible bond may be convertible during the period from its issue to its maturity after 2 years at a conversion price of S\$0.10 each in Futuristic. Upon conversion of the convertible bond and exercise of the call option, the Group will hold approximately 38.3% and 49.6% respectively of the enlarged issued share capital of Futuristic. The transaction was completed in November 2003.

In August 2003, the Group entered into a securities exchange agreement with an independent third party pursuant to which the Group transferred 14,657,000 ordinary shares of HK\$0.01 par value each in the capital of China Gas in exchange for 80,000,000 ordinary shares representing approximately 10% in the capital of Novena Holdings Ltd. (“Novena”) from the independent third party, the shares of Novena are listed on the SGX-ST.

In August 2003, the Group entered into an agreement to dispose of 2% of the issued share capital of a subsidiary, Global Med China & Asia Limited to an independent third party for a consideration of HK\$9,000,000 to be satisfied in full by issuance of promissory notes.

管理層討論與分析

– 續

重大收購及出售與日後重大投資計劃 – 續

於二零零三年二月，本集團與China EnerSave Limited（前稱EnerSave Holdings Limited，「Enersave」）訂立協議，據此，本集團同意按總代價6,000,000新加坡元，向Enersave出售其於三間附屬公司聯網信用卡有限公司（「聯網信用卡」）、聯網優惠卡有限公司及China Credit Card Limited各自9%股權。Enersave於新加坡註冊成立，其股份於The Singapore Exchange Securities Trading Limited（「SGX-ST」）上市。有關代價將透過配發及發行40,000,000股Enersave新股份支付。該項交易已於二零零三年七月完成，而Enersave列賬為本集團聯營公司。結算日後，本集團已於公開市場售出其於EnerSave全部權益。

於二零零三年七月，本集團訂立有條件債券認購協議，按代價4,000,000新加坡元認購由Futuristic Image Builder Ltd.（「Futuristic」）所發行一份本金額為4,000,000新加坡元之可換股債券及一份認購期權。Futuristic於新加坡註冊成立，其股份於SGX-ST上市。認購代價已以下列方式支付：現金1,500,000新加坡元；按代價2,499,999新加坡元轉讓3,050,000股本集團附屬公司Global Med普通股；及按象徵式代價1新加坡元為Futuristic取得Global Med所提供所有科技、產品及服務於印尼、馬來西亞、泰國及新加坡等國家之獨家市場推廣權。可換股債券可於發行日期起計至兩年後之到期日止期間，按轉換價每股Futuristic股份0.10新加坡元轉換。可換股債券獲轉換及認購期權獲行使後，本集團將分別持有Futuristic經擴大已發行股本約38.3%及49.6%。該項交易已於二零零三年十一月完成。

於二零零三年八月，本集團與一名獨立第三方訂立證券交換協議，據此，本集團轉讓14,657,000股中國燃氣股本中每股面值0.01港元之普通股，以向該名獨立第三方換取SGX-ST上市公司Novena Holdings Ltd.（「Novena」）80,000,000股普通股，相當於Novena股本約10%。

於二零零三年八月，本集團訂立協議，按代價9,000,000港元向一名獨立第三方出售其附屬公司Global Med China & Asia Limited 2%已發行股本。有關代價乃透過發行承付票據悉數支付。

MANAGEMENT DISCUSSION AND ANALYSIS

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MATERIAL ACQUISITIONS AND DISPOSAL AND FUTURE PLANS FOR MATERIAL INVESTMENTS – continued

In January 2004, the Group entered into an agreement with Mr. Liu Ming Hui (“Mr. Liu”), pursuant to which the Group agreed to sell 250,000,000 shares of China Gas to Mr. Liu for an aggregate consideration of HK\$180,000,000. As at March 31, 2004, the sale and purchase of 90,000,000 shares has been completed.

FOREIGN EXCHANGE EXPOSURE

Substantially all the revenues, expenses, assets and liabilities are denominated in Hong Kong dollars, U.S. dollars or Singapore dollars. Due to the currency peg of the Hong Kong dollars to the U.S. dollars, the exchange rate between these two currencies has remained stable and thus no hedging or other alternatives have been implemented by the Group. The Group expected that there is no significant exposure on foreign currency, but it cannot be assured operating results in future will not be materially affected.

CREDIT RISK MANAGEMENT

The Group’s credit policy defines the credit extension criteria, the credit approval and monitoring processes, and the loan provisioning policy. The Group maintains tight control on loan assessments and approvals and will continue to exercise a conservative and prudent policy in granting loans in order to maintain a quality loan portfolio and manage the credit risk exposure of the Group.

HUMAN RESOURCES

Remuneration packages are generally structured by reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. At the balance sheet date, there were approximately 100 employees employed by the Group. Share options may also be granted to eligible employees and persons of the Group.

PLEDGE OF ASSETS

At the balance sheet date, the Group had pledged bank balances of HK\$4,076,000 as a security for banking facilities granted to a subsidiary and as securities for the credit card business transactions with MasterCard International Inc. The mortgage loans of HK\$9,438,000 were secured on the investment properties and land and buildings of the Group with an aggregate carrying value of HK\$16,121,000.

As at March 31, 2004, a bank loan of HK\$15,000,000 is secured on investment in securities and bank balances with a carrying values of HK\$3,957,000 and HK\$23,113,000 respectively.

管理層討論與分析

– 續

重大收購及出售與日後重大投資計劃 – 續

於二零零四年一月，本集團與劉明輝先生（「劉先生」）訂立協議，據此，本集團同意以總代價180,000,000港元，向劉先生出售中國燃氣250,000,000股股份。截至二零零四年三月三十一日，已完成買賣90,000,000股股份。

外匯風險

本集團絕大部分收益、開支、資產及負債均主要以港元、美元或新加坡元結算。由於港元與美元掛鈎，故兩者之匯率保持穩定。因此，本集團並無進行任何對沖或其他類似活動。本集團預期不會面對重大外匯風險，惟未能保證營運業績於日後不會受到重大影響。

信貸風險管理

本集團之信貸政策限定延長信貸之條件、信貸批核及監管程序，以及貸款撥備政策。本集團對於借貸評估及批核維持嚴緊控制，並會繼續採取保守審慎政策批授貸款，以維持優質借貸組合，並管理本集團之信貸風險。

人力資源

薪酬待遇一般參考現行市場條款及個人資歷制定。薪金及工資一般會每年根據表現評估及其他相關因素檢討。除薪金外，本集團另有其他員工福利，包括公積金、醫療保險及與表現掛鈎的花紅。於結算日，本集團聘用約100名員工。本集團另可向合資格僱員及其他人士授出購股權。

資產抵押

於結算日，本集團已抵押銀行結存4,076,000港元，作為一間附屬公司獲授銀行融資以及與MasterCard International Inc.進行信用卡業務交易之抵押。本集團亦就其賬面總值達16,121,000港元之投資物業和土地及樓宇取得按揭貸款9,438,000港元。

截至二零零四年三月三十一日，本集團就賬面值3,957,000港元之證券投資及23,113,000港元銀行結存取得銀行貸款15,000,000港元。

MANAGEMENT DISCUSSION AND ANALYSIS

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CONTINGENT LIABILITIES

- (a) At the balance sheet date, the Company has given a guarantee to a financial institution in respect of banking facilities granted to subsidiaries of HK\$3,884,000.
- (b) Actions were brought by Pricerite Stores Limited and Pricerite Group Limited (together referred to as “Pricerite”) respectively, against a subsidiary of the Company, in respect of the alleged breach of agreement, for damages which are not quantified. In the opinion of the directors, it is not practicable at this stage to determine with certainty the outcome of the litigation.

管理層討論與分析

– 續

或然負債

- (a) 於結算日，本公司就附屬公司所獲授3,884,000港元銀行融資向一間財務機構提供擔保。
- (b) 實惠傢居廣場有限公司及實惠集團有限公司（統稱「實惠」）分別就指稱本公司一間附屬公司違約而向該公司提出訴訟，追討尚未確定之賠償額。董事認為，在現階段無法肯定訴訟結果。