

MANAGEMENT DISCUSSION

SIGNIFICANT INVESTMENTS HELD

During the year, there is no material change in the significant investments and properties held by the Group.

DETAILS OF MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year, there was no material acquisition and disposal of subsidiaries.

SEGMENT INFORMATION

The analysis of the principal activities and the operating results of the Group during the financial year are set out as follows:

For the year ended 31 March 2004

	Segment revenue from external customers	Segment result	Contribution from operation
	HK\$'000	HK\$'000	HK\$'000
Property investment	969	902	902
Hotel operation	15,188	(10,403)	(10,403)
Others	347	–	–
	<u>16,504</u>	<u>(9,501)</u>	<u>(9,501)</u>
Total			
Unallocated expenses			<u>(28,177)</u>
Loss from operations			(37,678)
Gain on financial restructuring			525,346
Restructuring expenses			(6,673)
Finance costs			(36,033)
Share of results of associates			(415)
Taxation			<u>4,361</u>
Profit attributable to shareholders			<u>448,908</u>

MANAGEMENT DISCUSSION

For the year ended 31 March 2003

	Segment revenue from external customers	Segment result	Contribution from operation
	HK\$'000	HK\$'000	HK\$'000
Property investment	2,132	1,748	1,748
Hotel operation	17,027	(9,998)	(9,998)
Others	229	–	–
	<u>19,388</u>	<u>(8,250)</u>	<u>(8,250)</u>
Total			
Unallocated expenses			<u>(10,077)</u>
Loss from operations			(18,327)
Restructuring expenses			(1,818)
Finance costs			(55,294)
Share of results of associates			260
Taxation			<u>2,905</u>
Loss attributable to shareholders			<u><u>(72,274)</u></u>

PENSION SCHEME

With effect from 1 December 2000, the Group has operated a mandatory provident fund scheme (“MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, each of the employer and its employees are required to make contributions to the MPF Scheme at 5% of the employees’ relevant income, subject to a statutory maximum cap of HK\$1,000 per month. Details of the MPF Scheme contributions of the employees, which have been dealt with in the consolidated income statement of the Group for the year ended 31 March 2004, are set out in note 8 to the financial statements.

Employees of the Group in the PRC are covered under a local statutory retirement insurance policy provided by local government. Employer and employees are required to contribute a designated percentage of monthly salary to the retirement insurance policy. The only obligation of the Group with respect to the retirement schemes is to make the required contributions under the schemes. Such contributions are charged to the income statement when incurred.

STAFF

As at 31 March 2004, the Group’s total number of employees was approximately 220, with most of them working in PRC. Remuneration packages are generally structured by referring to the market terms and individual merits, which include mandatory provident fund scheme and medical insurance besides contracted salaries.