

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$529 million for the year ended 31 March 2006, representing an increase of approximately 79% as compared to the year ended 31 March 2005. The increase in turnover was mainly due to the full year consolidated effect of travel business acquired in October 2004 which contributed HK\$425 million to the Group's turnover. The profit attributable to shareholders for the year ended 31 March 2006 was approximately HK\$53.1 million as compared to the loss of approximately HK\$13.5 million in 2005.

The basic earnings per share for the year was HK3.27 cents when compared with basic loss per share of HK0.85 cents in last year.

LIQUIDITY AND CAPITAL RESOURCES

During the period under review, the Company raised approximately HK\$0.04 million from the exercise of warrants resulting in the issue of approximately 400,000 shares. Bank balance and cash amounted to approximately HK\$372.8 million (31.3.2005: HK\$69.6 million).

As at March 31, 2006, the Group's current ratio was 6.8 (31.3.2005: 3.1) and had net cash of HK\$260.3 million when compare with the gearing ratio of 16.7% in 2005, defined as the ratio of total borrowings less cash balances to total assets.

MATERIAL ACQUISITIONS AND DISPOSAL FOR MATERIAL INVESTMENTS

In December 2005, the Group has disposed its entire interests in a subsidiary, Global Med Technologies, Inc. for US\$12.3 million.

In March 2006, the Group entered into agreements to purchase commercial properties in Singapore for an aggregate consideration of approximately HK\$63 million.

CAPITAL EXPENDITURE AND COMMITMENTS

At the balance sheet date, the Group had authorized and contracted capital commitments of approximately HK\$65.4 million (31.3.2005: HK\$8.7 million) as at 31 March 2006, which was related to capital expenditure for the acquisition of commercial properties.

FOREIGN EXCHANGE EXPOSURE

Substantially all the revenues, expenses, assets and liabilities are denominated in Hong Kong dollars, U.S. dollars and 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.

管理層討論與分析

財務回顧

本集團就截至二零零六年三月三十一日止年度錄得營業額約529,000,000港元，較截至二零零五年三月三十一日止年度增加約79%，主要受到於二零零四年十月所收購之旅遊業務為本集團營業額帶來425,000,000港元貢獻之全年綜合影響帶動。截至二零零六年三月三十一日止年度之股東應佔溢利約為53,100,000港元，而二零零五年則有虧損約13,500,000港元。

本年度之每股基本盈利為3.27港仙，而去年則為每股基本虧損0.85港仙。

流動資金及資金來源

回顧期內，本公司透過認股權證獲得集資約40,000港元，因而發行約400,000股股份。銀行結存及現金約372,800,000港元（二零零五年三月三十一日：69,600,000港元）。

於二零零六年三月三十一日，本集團之流動比率為6.8（二零零五年三月三十一日：3.1），並有現金淨額260,300,000港元，而二零零五年之資產負債比率（總借貸減現金結餘與資產總值之比率）則為16.7%。

有關重大投資之重大收購及出售

於二零零五年十二月，本集團已出售其附屬公司 Global Med Technologies, Inc. 之全部權益，出售所得款項為12,300,000美元。

於二零零六年三月，本集團訂立協議以購入新加坡之商業物業，總代價約為63,000,000港元。

資本開支及承擔

於結算日，本集團於二零零六年三月三十一日獲授權及已訂約之資本承擔約為65,400,000港元（二零零五年三月三十一日：8,700,000港元），此乃關乎購入商業物業之資本開支。

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、美元及新加坡元結算。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。

MANAGEMENT DISCUSSION AND ANALYSIS

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 150 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\$4.2 million 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\$37.9 million were secured on the investment properties and land and buildings of the Group with an aggregate carrying value of HK\$83.5 million.

CONTINGENT LIABILITIES

- (a) At the balance sheet date, the Group has given guarantees to financial institutions in respect of banking facilities granted to the Group's supplier of HK\$10.7 million.
- (b) At the balance sheet date, the Company has given guarantees to a financial institution in respect of banking facilities granted to subsidiaries of HK\$37.1 million.
- (c) Actions were brought by Pricerite Stores Limited and CASH Retail Management Group Limited (formerly known as 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

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鉤之花紅。於結算日，本集團聘用約150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4,200,000港元，作為一間附屬公司獲授銀行融資以及與萬事達國際組織進行信用卡業務交易之抵押。本集團將其賬面總值達83,500,000港元之投資物業和土地及樓宇抵押，以取得按揭貸款37,900,000港元。

或然負債

- (a) 於結算日，本集團就其供應商所獲授10,700,000港元銀行融資向一間財務機構提供擔保。
- (b) 於結算日，本公司就附屬公司所獲授37,100,000港元銀行融資向一間財務機構提供擔保。
- (c) 實惠傢居廣場有限公司及時惠環球控股有限公司(前稱為實惠集團有限公司)(統稱為「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。