

Management Discussion and Analysis

管理層論述及分析

REVIEW OF OPERATIONS

The Hong Kong economy continued to expand at a brisk pace in 2006. The robust 6.8% GDP growth for 2006 as a whole marked the third consecutive year of distinctly above-trend growth. The past three years saw a sustained period of high growth and low inflation, giving a highly supportive macro-economic environment. The labour market experienced further extensive improvements in 2006 with unemployment rate fell to a 6-year low of 4.4% by the end of the year. Job vacancies and employment income remained on the rise.

Benefited from this economic atmosphere, the business of the Group continued to perform satisfactorily during 2006 in terms of both revenue and number of customers. During 2006, the Group attained a turnover of HK\$1,992.4 million which represented a 9.7% increase over the HK\$1,815.7 million in 2005. Loss for the year ended 31 December 2006 was HK\$79.4 million (2005: a profit of HK\$32.2 million) after taking in account various non-cash items on adoption of the Hong Kong Financial Reporting Standards issued in recent years. These non-cash items were mainly impairment loss recognized in respect of available-for-sale investments of HK\$19.9 million (2005: HK\$1.2 million), impairment loss recognized in respect of goodwill arising on acquisition of subsidiaries of HK\$5.8 million (2005: HK\$nil), imputed interest on convertible notes of HK\$30.3 million (2005: HK\$1.6 million) and share option expenses of HK\$12.0 million (2005: HK\$nil). Finance costs other than imputed interest on convertible notes for the year were HK\$68.4 million (2005: HK\$57.8 million) mainly caused by the issue of 1,000 million convertible notes in June 2006 due 2011 at a coupon interest rate of 2% per annum. The earnings before interest, tax, depreciation and amortization ("EBITDA") for the year was HK\$70.3 million. Had the abovementioned non-cash items been excluded, the EBITDA would be adjusted to HK\$108.0 million (2005: HK\$116.8 million).

業務回顧

二零零六年，香港經濟持續以迅速步伐增長。二零零六年之本地生產總值整體以6.8%強勢增長，為連續第三年錄得顯著升幅。過去三年持續高增長及低通脹，提供極有利的宏觀經濟環境，於二零零六年底，勞工市場進一步大幅改善，失業率跌至4.4%，創六年以來的新低，職位空缺及就業收入持續上升。

受惠於經濟環境造好，本集團業務之收益及客戶數目於二零零六年持續表現理想。於二零零六年，本集團錄得營業額1,992,400,000港元，較二零零五年的1,815,700,000港元增加9.7%。計及採用近年頒佈的香港財務報告準則後的多個非現金項目，截至二零零六年十二月三十一日止年度的虧損為79,400,000港元（二零零五年：溢利32,200,000港元）。該等非現金項目主要為可供出售投資之已確認減值虧損19,900,000港元（二零零五年：1,200,000港元）、收購附屬公司產生的商譽之已確認減值虧損5,800,000港元（二零零五年：零港元）、可換股票據之應計利息30,300,000港元（二零零五年：1,600,000港元）及購股權支出12,000,000港元（二零零五年：零港元）。年內除可換股票據之應計利息外的融資成本為68,400,000港元（二零零五年：57,800,000港元），此乃主要由於二零零六年六月發行票面年利率2厘並於二零一一年到期的1,000,000,000港元可換股票據所致。年內除息稅折舊攤銷前利潤（「EBITDA」）為70,300,000港元。若剔除上述非現金項目，EBITDA將調整至108,000,000港元（二零零五年：116,800,000港元）。

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Travel and Related Services

The Group's travel and related services comprises mainly outbound tours, inbound tours, air ticketing and hotel/air tickets packages. In 2006, this segment continued to grow and achieved a turnover of HK\$1,740.7 million represented an increase of 9.3 % over the HK\$1,592.0 million in 2005. Segment results for the year was HK\$17.0 million (2005: HK\$56.4 million) resulted from the reducing margin and staff force expansion to cope with business expansion.

Hotel and Leisure Services

The Group operates its hotel and leisure business through Luoyang Golden Gulf Hotel and the three "Rosedale" branded 4-star rated hotels located in Hong Kong, Guangzhou and Beijing, the PRC. During 2006, the average occupancy ratio achieved 71.35% and was slightly lower than the 71.97% in 2005. On the other hand, the average room rate for the year attained HK\$519 was 8% better than the HK\$480 in 2005. The segment achieved a turnover of HK\$251.7 million for the year ended 31 December 2006 (2005: HK\$223.8 million) and a segment profit of HK\$40.9 million (2005: HK\$28.2 million). The discount on acquisition of Kingsway Hotel of HK\$34.6 million recorded in 2005 did not recur during the current year.

Associates

Benefited from the booming tourism market in Macau, the Group's 31.73% held associate, Kingsway Hotel Limited has performed satisfactorily. The Group's share of its results up to its being reclassified as assets held for sale on 30 June 2006 was HK\$4.8 million against the HK\$8.4 million for the full year 2005.

The Group's 50% held joint venture, Travoo International Limited ("Travoo") commenced its operation in early January 2006. Its main focus are on air ticketing and hotel bookings transacted through a business-to-business-to-customers system platform. Due to heavy start-up costs, Travoo has resulted a loss for the year and the Group's share of the loss was HK\$2.9 million for the year ended 31 December 2006.

旅遊及相關服務

本集團之旅遊及相關服務主要包括境外旅遊、境內旅遊、機票及酒店／機票套票。於二零零六年，此分類持續增長，營業額達1,740,700,000港元，較二零零五年1,592,000,000港元增長9.3%。年內分類業績為17,000,000港元（二零零五年：56,400,000港元），乃由於邊際利潤下降及為擴充業務而增加人手所致。

酒店及休閒服務

本集團透過洛陽金水灣大酒店及三間位於中國香港、廣州、北京以「珀麗」為品牌的四星級酒店經營其酒店及休閒業務。於二零零六年，平均入住率達71.35%，略低於二零零五年的71.97%。另一方面，年內平均房價為519港元，較二零零五年的480港元增加8%。此分類業務於截至二零零六年十二月三十一日止年度之營業額及分類溢利分別為251,700,000港元（二零零五年：223,800,000港元）及40,900,000港元（二零零五年：28,200,000港元）。本年度內，於二零零五年記賬之收購金域酒店折讓34,600,000港元並無重現。

聯營公司

受惠於澳門旅遊業興旺，本集團於其中持有31.73%權益的聯營公司金域酒店有限公司成績理想，直至其於二零零六年六月三十日被重新分類為持作出售資產前，本集團佔其業績4,800,000港元，二零零五年全年應佔業績則為8,400,000港元。

本集團於其中持有50%權益之合資企業Travoo International Limited（「Travoo」）已於二零零六年一月初開始營運，其主要業務乃透過商業－商業－客戶之系統平台進行預訂機票及酒店交易。由於開業成本高昂，Travoo錄得年度虧損，而本集團佔其截至二零零六年十二月三十一日止年度之虧損為2,900,000港元。

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The Group's 41.9% interest in a US Pink Sheets quoted associate, Sino Express Travel Limited ("Sino Express") acquired in August 2006 has resulted loss for the year. The Group's share of results in this associate in 2006 was a loss of HK\$2.0 million.

Material Acquisitions and Disposals

On 13 June 2006, the Group entered into a conditional sale and purchase agreement with an independent third party for the disposal of the Group's 56.91% interest in Triumph Up Investments Limited (the "Disposal") for a consideration of HK\$252,789,344.97. Triumph Up Investments Limited indirectly holds approximately 55.75% of the issued share capital of Kingsway. Accordingly, the Group's entire approximately 31.73% effective interest in Kingsway will be disposed of. The net proceeds from the Disposal are estimated to be approximately HK\$250.8 million. The Group intends to apply the net proceeds for the purpose of repayment of its borrowings and as the general working capital of the Group. The Disposal has been approved by the shareholders of the Company in the special general meeting held on 17 July 2006. Pursuant to the various deed of variation entered between the Group and the purchaser, the long stop date of the Disposal has been extended to 31 May 2007. The Disposal has not completed as at the date of this report.

On 30 June 2006, International Travel Systems Inc. ("ITS"), a wholly owned subsidiary of the Company, has entered into a conditional sale and purchase agreement with a wholly owned subsidiary of Sino Express, a company with its shares being traded on the US Pink Sheets, to dispose of the 100% equity interest held by ITS in a subsidiary established in Guangzhou, the PRC and related shareholder's loan for a total consideration of US\$7,500,000 (equivalent to approximately HK\$58,500,000). Pursuant to the agreement, the consideration would be satisfied by the purchaser by issuing to ITS (or as it may direct) a total of 32,608,696 shares of common stock in Sino Express, representing approximately 38.99% of the then issued share capital of Sino Express, at an issue price of US\$0.23 each. The agreement was completed on 30 August 2006.

本集團於二零零六年八月收購一家於美國粉紅價單上市的聯營公司Sino Express Travel Limited (「Sino Express」)之41.9%權益，於年內招致虧損。本集團於二零零六年應佔該聯營公司之業績為虧損2,000,000港元。

重大收購及出售事項

於二零零六年六月十三日，本集團與一名獨立第三方訂立有條件買賣協議，內容有關出售本集團於Triumph Up Investments Limited擁有之56.91%權益（「出售事項」），代價為252,789,344.97港元。Triumph Up Investments Limited間接持有金域之已發行股本約55.75%。因此，本集團於金域擁有之全部約31.73%實際權益將被出售。出售事項所得款項淨額估計約為250,800,000港元。本集團擬將所得款項淨額用作償還其借貸及作本集團一般營運資金用途。本公司股東已於二零零六年七月十七日舉行之股東特別大會上批准出售事項。根據本集團與買方訂立之多份契據修訂書，出售事項的最後限期順延至二零零七年五月三十一日。出售事項於本報告日期尚未完成。

於二零零六年六月三十日，本公司全資附屬公司International Travel Systems Inc. (「ITS」)與一間其股份於美國粉紅價單交易之公司Sino Express之全資附屬公司訂立有條件買賣協議，以出售ITS於一家在中國廣州成立之附屬公司所持有之100%股本權益及相關股東貸款，總代價為7,500,000美元（約相當於58,500,000港元）。根據該協議，有關代價將由買方按每股發行價0.23美元向ITS（或ITS所指明的人士）發行合共32,608,696股Sino Express普通股（佔Sino Express當時已發行股本約38.99%）予以支付。該協議已於二零零六年八月三十日完成。

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On 4 April 2007, ITS and an independent third party (the “Vendor”) entered into an agreement under which the parties agreed that, subject to the fulfillment of certain conditions precedent, ITS will purchase 100 shares of US\$1 each in the capital of Asia Times Limited (“Asia Times”) held by the Vendor, representing 100% equity interest in Asia Times for a consideration of HK\$70,000,000. The details of the acquisition were disclosed in the announcement of the Company dated 16 April 2007. The agreement is conditional, among others, on the approval of the shareholders of the Company.

Liquidity and Financial Resources

On 1 March 2006, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent conditionally agreed to place, on a best effort basis, 175,000,000 new adjusted shares at a price of HK\$0.69 per new adjusted share to not less than six placees who are independent third parties. The net proceeds of approximately HK\$120.0 million would be used as the Group’s general working capital. In order to facilitate the issue of the placing shares, the Company conducted a capital reorganisation which involved (i) the reduction of the issued share capital of the Company by HK\$0.90 per existing share by cancelling an equivalent amount of paid-up capital per existing share so that the nominal value of each existing share in issue will be reduced from HK\$1.0 to HK\$0.10; and (ii) the subdivision of every unissued existing share into 10 adjusted shares.

The capital reorganisation and the placing were completed on 10 April 2006 and 25 April 2006 respectively.

於二零零七年四月四日，ITS與一獨立第三方（「賣方」）訂立一份協議，據此，訂約雙方同意於完成若干先決條件後，ITS將以代價70,000,000港元購買賣方所持Asia Times Limited股本中100股每股面值1美元之股份，相當於Asia Times Limited之100%股本權益。該項收購之詳情在本公司於二零零七年四月十六日刊發之公佈中披露。該協議須待（其中包括）本公司股東批准後，方始作實。

流動資金及財務資源

於二零零六年三月一日，本公司與一配售代理訂立一份配售協議，據此，該配售代理有條件地同意按竭誠盡力基準，以每股新經調整股份0.69港元的價格將175,000,000股新經調整股份配售予不少於六位承配人（均為獨立第三方）。所得款項淨額約120,000,000港元將用作本集團的一般營運資金。為方便發行配售股份，本公司已進行一項股本重組，當中包括(i)將本公司已發行股本每股現有股份削減0.90港元，方法是在每股現有股份已繳足股本中註銷相等金額，使每股已發行現有股份的面值由1.0港元減至0.10港元；及(ii)分拆每股未發行的現有股份為10股經調整股份。

該項股本重組及配售事項已先後於二零零六年四月十日及二零零六年四月二十五日完成。

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On 23 March 2006, the Company entered into a total of eight conditional subscription agreements with each of China Enterprises Limited, Hutchison International Limited, a fund manager (on behalf of four other subscribers) and five other subscribers in related to the subscription of the HK\$1,000 million 2% convertible exchangeable notes due 2011 (the "Notes") proposed to be issued by the Company which entitled the holders thereof to, among others, convert the principal amount outstanding into 1,265,822,784 new shares of the Company which fall to be issued upon exercise in full of the conversion rights attaching to the Notes at an initial conversion price of HK\$0.79 per share. The net proceeds raised are expected to be used by the Group for the purpose of expanding its hotel business and travel related business. To the extent that the net proceeds are not immediately applied for the above purpose, the Company intends that the net proceeds may be used to reduce the gearing of the Group.

The subscription agreements have completed and the Notes were issued in June 2006.

At balance sheet date, the Group's total borrowings were as follows:

於二零零六年三月二十三日，本公司與China Enterprises Limited、和記企業有限公司、一名基金經理（代表四名其他認購人）及五名其他認購人訂立合共八份有條件認購協議，內容有關認購本公司建議發行於二零一一年到期的1,000,000,000港元2厘利息可換股可交換票據（「該等票據」），該等票據賦予其持有人權利可（其中包括）將未償還的本金額兌換為1,265,822,784股本公司新股份，而該等新股份將須於該等票據所附之換股權按初步兌換價每股0.79港元獲悉數行使後發行。預期籌集所得款項淨額將由本集團用於拓展其酒店業務及旅遊相關業務。倘所得款項淨額未能即時應用於上述用途，本公司擬將其用於降低本集團的資產負債比率。

該等認購協議已完成，該等票據已於二零零六年六月發行。

於結算日，本集團之借款總額如下：

		2006	2005
		HK\$ million	HK\$ million
		二零零六年	二零零五年
		百萬港元	百萬港元
Loan from related companies	關連公司貸款	106.3	361.5
Bank and short term loan	一年內到期之銀行及短期貸款		
– amount due within one year		59.3	38.3
Bank loans – amount due after one year	一年後到期之銀行貸款	406.5	271.3
Obligations under finance leases	融資租約承擔	–	0.1
Promissory note	承兌票據	–	365.0
Convertible notes	可換股票據	810.0	–
		1,382.1	1,036.2

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The convertible notes issued in June 2006, due in June 2011, bear interest at a fixed rate of 2% per annum. All other borrowings bear floating interest rates.

The gearing ratio, expressed as a percentage of total borrowings to equity attributable to shareholders of the parent, increased slightly by 4.3% from 105.8% as at 31 December 2005 to 110.1% as at 31 December 2006.

Pledge of Assets

At 31 December 2006, certain assets of the Group at net book value of HK\$638.5 million (2005: HK\$640.0 million) were pledged to banks and financial institutions for credit facilities.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2006.

Foreign Currency Exposure

The majority of the Group's assets and liabilities and business transactions were denominated in Hong Kong dollars, US dollars and Renminbi. Despite the appreciation of Renminbi during 2006, the impact on the Group's operation is minimal. As such, the fluctuation of foreign currencies does not have a significant impact on the performance, results and operations of the Group during the reporting year and in the foreseeable future.

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

於二零零六年六月發行及於二零一一年六月到期之可換股票據按固定利率每年2厘計息。所有其他借款均按浮動利率計息。

資本負債比率(按借款總額相對母公司股東應佔權益百分比列示)由二零零五年十二月三十一日的105.8%增至於二零零六年十二月三十一日的110.1%，略升4.3%。

資產抵押

於二零零六年十二月三十一日，本集團已將賬面淨值為638,500,000港元(二零零五年：640,000,000港元)之若干資產抵押予銀行及財務機構以取得信貸融資額。

或然負債

於二零零六年十二月三十一日，本集團並無任何重大或然負債。

外幣風險

本集團之大部份資產及負債及業務交易均以港元、美元及人民幣計算。儘管人民幣於二零零六年內升值，升值對本集團之業務影響極微。因此，外幣匯率波動對本集團於報告期間及可預見未來之表現、業績及營運並無造成重大影響。

本集團將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。

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Employees

At 31 December 2006, the Group has 2,021 employees of which 23 employees were stationed overseas and 1,098 employees were stationed in the PRC. Competitive remuneration packages are structured to commensurate with the responsibilities, qualifications, experience and performance of individual employees. The Group also provided training programmes, provident fund scheme and medical insurance for its employees. Total staff remuneration incurred for the year ended 31 December 2006 were approximately HK\$150.0 million.

The Group had a share option scheme (the "Scheme"), which was approved and adopted by shareholders of the Company on 3 May 2002, to enable the directors to grant options to employees, executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, consultants, agents or advisers who will contribute or have contributed to the Company or any of its subsidiaries as incentives and rewards for their contribution to the Company or such subsidiaries. The maximum number of shares in respect of which options may be granted under the Scheme, when aggregated with any shares subject to any other schemes, shall not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the Scheme (the "General Limit"). The Company proposed to refresh the General Limit so that the number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company would be increased to 10% of the shares in issue as at the date of approval of the General Limit as "refreshed". The refreshment of the General Limit was approved by the shareholders of the Company in the annual general meeting held on 19 May 2006.

On 22 June 2006, the Company granted 58,880,000 options at an exercise price of HK\$0.728 per share with exercisable period from 22 June 2006 to 21 June 2008. At balance sheet date, 200,000 options had been lapsed and no option has been exercised by the option holders during the year.

僱員

於二零零六年十二月三十一日，本集團聘用2,021名僱員，當中23名駐居海外，另外1,098名則在國內工作。本集團提供與個別僱員之職責、資歷、經驗及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。截至二零零六年十二月三十一日止年度，員工薪酬總額約為150,000,000港元。

本集團採納一項購股權計劃（「該計劃」），該計劃於二零零二年五月三日獲本公司股東批准及採納，董事藉此可向本公司或其任何附屬公司僱員、主要行政人員或高級人員（包括本公司或其任何附屬公司之執行及非執行董事），以及將會或曾經對本公司或其任何附屬公司作出貢獻之供應商、專業顧問、代理或諮詢人授出購股權，以獎勵及回饋彼等對本公司或該等附屬公司所作之貢獻。根據該計劃可能授出之購股權所涉及之股份，與任何其他計劃所涉及之股份一併計算，數目合共不得超過本公司於批准及採納該計劃日期之已發行股本10%（「一般限額」）。本公司建議更新一般限額，致使根據該計劃及本公司任何其他購股權計劃將授出之所有購股權獲行使時可能發行之股份數目，增加至一般限額獲批准「更新」當日已發行股份之10%。本公司股東已於二零零六年五月十九日舉行之股東週年大會上批准更新一般限額。

於二零零六年六月二十二日，本公司按行使價每股0.728港元授出58,880,000份購股權，該等購股權之行使期自二零零六年六月二十二日起至二零零八年六月二十一日止。於結算日，200,000份購股權已告失效，年內購股權持有人概無行使任何購股權。

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PROSPECTS

The China Market

According to the statistics released by the China National Tourism Administration, the number of outbound visitors in 2006 reached 125 million and represented an increase of 4% over 2005. The revenue generated from incoming visitors to China in 2006 was US\$33.9 billion, represented a 15% increase over 2005. The inauguration of the Qinghai-Tibet Railway in July 2006 further made China a hot spot for visitors. Coupled with the effect of the 2008 Beijing Olympic Games and the 2010 Shanghai Disney and World Expo, both the number of visitors to China and the related travel spending shall grow to a tremendous extent during the coming years.

For the outbound market, China remained at the top in Asia in 2006 in terms of number of tourists. There were 34 million outbound tourists travelled abroad in 2006, represented a 10% increase over the year before. At the same time, the number of approved travel destinations for PRC citizens has been increased to 132. Coupled with the concession of outbound tour operating licenses to Hong Kong based travel agents, the Group considers this excellent timing to enlarge its PRC network and to penetrate into market.

To grasp the enormous opportunities in the PRC travel market, the Group has formulated a strategic plan in order to broaden its operating network in the PRC in short to medium term. In addition to its existing land operator joint venture company in Guangzhou, Travoo and the Rosedale branded hotels, the Group is currently finalizing the negotiation with various vendors for acquiring hotels rated from 2 to 4 stars. As part of the Group's expansion plan, it has recently reached an agreement to acquire the majority control of a travel agent in Sichuan Province. The Group has also had plans to expand its traditional and internet travel business. Currently, the Group is targeting on several travel projects of various business types including tour packages provider, on-line hotel booking agents and leisure resorts. The Group is strongly confident on the PRC travel industry and shall keep on exploring appropriate investment projects to expand its business network in the Mainland.

展望

中國市場

據中國國家旅遊局發佈之統計，於二零零六年，出境遊客人數達到125,000,000人次，較二零零五年增長4%。於二零零六年，前往中國之入境旅客所產生之收益為339億美元，較二零零五年增加15%。青藏鐵路於二零零六年七月通車後，進一步使中國變為旅遊熱點。加上二零零八年北京奧運會、二零一零年上海迪士尼樂園及世界博覽會之影響，前往中國之旅客人數及相關旅遊消費於來年將會大幅增長。

出境旅遊市場方面，以旅客人數來說，中國於二零零六年仍然處於亞洲首位。於二零零六年，有34,000,000人次出境旅客出國旅遊，較上年度增加10%。同時，中國公民獲准旅遊之目的地數目增至132個，加上以香港為基地的旅行社獲批出境遊經營牌照，本集團認為此乃拓展中國網絡及打入市場的良機。

為抓緊中國旅遊市場的龐大機遇，本集團已制訂一套策略計劃，於短期至中期擴大其中國營運網絡。除了其現時於廣州的合資地接商公司、Travoo及以「珀麗」為品牌之酒店外，本集團亦正與多位賣方落實有關收購多家二至四星級酒店之商談。作為本集團擴充計劃的一部分，本集團最近訂立了一份協議，收購四川省一家旅行社的大部分控制權。本集團亦訂有計劃擴充其傳統及網上旅遊業務。目前，本集團以不同業務類型的多個旅遊項目為目標，包括旅行團供應商、網上酒店預訂代理及休閒度假村。本集團對中國旅遊業充滿信心，並將繼續發掘合適投資項目，以擴大其內地業務網絡。

Management Discussion and Analysis

管理層論述及分析

Tour Business

Further to the regular tour series to popular sightseeing destinations, the Group shall continue to put in considerable resources to develop and launch series of featured products such as photography tours and culture appreciation tours to suit the need of the growing number of customers who prefer to expend on distinctive products with profundity.

In the coming year, the Group shall put additional resources and effort to further enhance our service quality and to uplift the status of the customers joining our tour packages. These will be attained via extensive co-operation with prestige airlines, hotels and the tourism authority of our tour destinations.

In inbound market, Hong Kong welcomed 25.3 million visitors in 2006, 8.1% more than in 2005. Mainland visitors continued to be the focus with the help of the Hong Kong Disneyland, the Hong Kong Wetland Park and the skyrail to Po Lin Monastery (Ngong Ping 360). The Group, as a leader of the industry, shall continue to inject resources to strengthen its inbound section to cope with this brilliant sector.

FIT Travel

The Group is all the time excelled at FIT travel. The local government's five-day workweek commenced in July 2006 set a good example to the commercial sectors. Increasing number of large organisations have implemented or aggressively considering to adopt the same system. The Group has successfully catch up with this excellent opportunity by launching its choreographed weekend travel packages to that class of customers with high-income and aspired after enjoyment. In the coming years, the Group shall expand its ticketing sales outlet. Coupled with the rebound of the Hong Kong economy and the increasing GDP per capita, the contribution of this business stream to the Group shall see a tremendous growth in the coming years.

旅遊業務

除前往熱門觀光目的地的一般旅遊路線外，本集團將繼續投放大量資源，以開發並推出一系列特色產品，如攝影之旅及文化欣賞之旅，以配合人數正在增長而喜愛消費在具有內涵且別樹一格的產品的客戶群。

來年，本集團將投放額外資源致力進一步改善服務質素，以及提升參加本集團旅行團的客戶的地位，具體措施為與各旅遊目的地的著名航空公司、酒店及旅遊局廣泛合作。

在入境市場方面，於二零零六年共有25,300,000人次旅客來港，較二零零五年增加8.1%。受惠於香港迪士尼樂園、香港濕地公園及通往寶蓮寺之纜車（昂坪360），內地旅客繼續成為焦點。本集團作為業內翹楚，將繼續投放資源強化其入境旅遊分部，以配合此生機勃勃的市場。

自助遊

本集團一直以來在自助遊方面表現突出。本港政府於二零零六年七月率先實施五天工作週，給商業機構樹立了一個良好榜樣，使越來越多的大型機構已實施或在積極考慮採納相同制度。本集團已成功捕捉此絕佳機會，為一眾高收入且追求享受的客戶推出精心設計的週末旅遊套餐。於未來數年，本集團將擴充其票務銷售點，配合香港經濟復甦，人均本地生產總值不斷上升，本集團認為此項業務作出的貢獻在來年將會大幅增長。

Management Discussion and Analysis

管理層論述及分析

Cruise Business

Following the docking of the Italian cruise liner Costa Allegra in May 2006 sailing on regular schedule in and out of Hong Kong to the Mainland, the American-based Royal Caribbean Cruise participated into the Hong Kong market and Queen Mary II's visiting Hong Kong recently, Hong Kong is moving its way towards to the ultimate target of becoming the cruises hub of Asia. The proposed cruise terminal, a vital element of the development plan of the former Kai Tak Airport, further proved the Government's commitment to this direction.

The Group, as a forerunner of the industry, seeing this cruise sector one of the major focus of the travel industry within the next decade, has opened its first cruise centre in June 2006. We have deployed a dedicated team of staff who has undergone intensive cruise products training to retail prestigious brands such as Royal Caribbean Cruise, Cunard, MSC and Costa Crociere. The Group shall put considerable resources to spread this cruise concept throughout its branch network and to provide professional service to our customers of this expanding stratum.

Hotel Operations

Benefited from the booming China inbound market and the Hong Kong Government's aggressive measures to promote the city, the average room rates of the three "Rosedale" branded hotels and the Luoyang Golden Gulf Hotel improved remarkably. The coming 2008 Beijing Olympic Games, the grant of outbound operating license to Hong Kong and Macau travel agents and the erection of further tourists spots in Hong Kong shall attract more and more visitors to the Mainland and the city. The Group shall continue to explore further hotel investment targets to expand its 4-star rated business hotel chain. Simultaneously, the Group shall actively participate into the booming budget hotel market in the PRC via acquisition, franchise and/or cooperated with domestic hotel operators. The Group sees that the contribution of this segment to the Group in the coming years shall be increased to a considerable extent.

The Group, as a precursor of the industry, committed to make use of our expertise to explore new leisure and sightseeing spots around the globe, and to provide quality ticketing, catering and other related services for our valuable customers to relax and enjoy during their holiday.

郵輪業務

繼意大利Costa Allegra號郵輪於二零零六年五月進駐香港，開辦往來香港至內地的定期航班後，總部位於美國的皇家加勒比海郵輪亦已進駐香港市場，瑪麗皇后II號亦於最近到訪香港，香港現正邁向成為亞洲郵輪樞紐之終極目標。建議的郵輪碼頭乃最新公佈的原啟德機場發展規劃的關鍵部份，亦進一步證明了港府朝此方向發展的承諾。

本集團作為行業之先驅，視郵輪行業為未來十年旅遊行業發展之主要重點之一，故此已於二零零六年六月開設其首個郵輪中心。本集團已安排接受過全面郵輪產品培訓的專業團隊，負責知名品牌如皇家加勒比海郵輪、Cunard、MSC及Costa Crociere的銷售。本集團將投放大量資源，在其整個分支網絡中普及這種郵輪概念，並向本集團在這方面人數不斷增加的客戶提供專業服務。

酒店經營

受惠於中國入境遊市場的暢旺及港府採取積極措施宣傳香港，三間「珀麗」為品牌的酒店及洛陽金水灣大酒店之平均房價均明顯上升。隨著即將舉辦二零零八年北京奧運會，港澳旅行社獲批出境遊經營牌照及香港旅遊景點的增加，將會吸引越來越多的遊客前往內地及香港旅遊。本集團將繼續發掘更多酒店投資目標以發展四星級連鎖式商務酒店。同時，本集團將透過收購、特許經營及／或與當地酒店經營者合作，積極參與中國正在冒起的經濟型酒店市場。本集團預期此分類業務的收入貢獻於未來數年將會大幅增長。

本集團作為業內之領導企業應發揮其本身之專長，堅持不懈地為本集團的尊貴客戶開發全球的更多休閒及觀光景點，提供優質的票務、款待及其他相關服務，務求為本集團之尊貴客戶提供輕鬆、愉快的假期。