

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### RESULTS

For the year under review, the Group recorded its turnover of HK\$38,092,000 (2002 : HK\$47,408,000) representing a decrease of 20% and its net profit attributable to shareholders of approximately HK\$37,432,000 as compared to a loss of approximately HK\$59,284,000 in 2002. The profit was mainly contributed by the gain of debt restructuring of HK\$77,031,000.

### DEBT RESTRUCTURING

Upon the completion of a series of debt restructuring exercises during the year under review, the financial effects are summarized as below: -

1. on 16 May 2002, 3,000,000,000 shares of the Company of HK\$0.01 each at the subscription price of HK\$0.01 per share were issued for a total consideration of HK\$30,000,000 before related expenses pursuant to a subscription agreement entered into between the Group and Vision Century Group Limited;
2. Pursuant to the compromise agreement entered into between the Group and the bankers of the Group in Hong Kong (the "Bank Group") on 1 February 2002, total borrowings owed by the Group to the Bank Group of approximately HK\$103,105,000 was fully settled by (i) a cash payment of approximately HK\$20,000,000 and (ii) the issue of 5% convertible bonds with an aggregate principal amount of HK\$6,500,000 to the Bank Group, which are repayable by three equal instalments over three years or convertible into the Company's share of HK\$0.01 each at an initial conversion price of HK\$0.01 each (subject to adjustment). The conversion price of the convertible bonds has been adjusted from HK\$0.01 each to HK\$0.50 each following the share consolidation of every fifty issued and unissued shares of HK\$0.01 each and the capital reduction of par value of consolidated shares from HK\$0.50 each to HK\$0.01 each with effect from 31 December 2002.

### 業績

於回顧年度內，本集團錄得營業額38,092,000港元(二零零二年：47,408,000港元)，跌幅為20%，而股東應佔溢利淨額約為37,432,000港元，二零零二年則為虧損約59,284,000港元。本年度錄得溢利，主要源自債務重組取得收益77,031,000港元。

### 債務重組

於回顧年度內，自完成一系列債務重組活動後，其財務影響茲概述如下：

1. 於二零零二年五月十六日，根據本集團與 Vision Century Group Limited 訂立之認購協議，本公司按每股認購價 0.01 港元發行 3,000,000,000 股每股面值 0.01 港元之本公司股份，在未扣除有關費用前之總代價為 30,000,000 港元；
2. 根據本集團與本集團在香港之多間往來銀行（「銀團」）於二零零二年二月一日訂立之妥協協議，本集團結欠銀團約 103,105,000 港元之借款總額已透過下列方式悉數支付：(i) 支付現金約 20,000,000 港元；及 (ii) 向銀團發行本金總額達 6,500,000 港元之 5 厘息可換股債券，該 5 厘息可換股債券須於三年內分三期償還，或可按每股初步換股價 0.01 港元（可予調整）轉換為本公司每股面值 0.01 港元之股份。自二零零二年十二月三十一日起，本公司將每五十股每股面值 0.01 港元之已發行及未發行股份合併，並進行股本削減將合併股份之面值由每股 0.50 港元削減至每股 0.01 港元，使可換股債券之換股價由每股 0.01 港元調整至每股 0.50 港元。

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- on 3 June 2002, a total of 4,025,905,140 offer shares of HK\$0.01 each, were issued at an offer price of HK\$0.01 each, on the basis of three offer shares for every two shares held by the qualifying shareholders. Total proceeds before issuing expenses of approximately HK\$40,259,000 was received by the Company;
  - a total of 1,066,440,000 shares of HK\$0.01 each were issued to various creditors of the Group on 16 May 2002, 30 July 2002 and 30 September 2002 respectively, at issuing prices ranging from HK\$0.01 to HK\$0.015 per share as partial settlement of debts owing to them, pursuant to various debt compromise agreements entered into between the Group and various creditors of the Group; and
  - on 30 July 2002, pursuant to a settlement agreement entered into between the Group and a creditor of the Group on 27 March 2002, a 3% convertible note in principal amount of HK\$16,000,000 was issued to the creditor as partial settlement of debts owing by the Group. The 3% convertible note is repayable in two years or convertible into the Company's ordinary share of HK\$0.01 at an initial conversion price of HK\$0.01 each (subject to adjustment). The conversion price of the convertible note has been adjusted from HK\$0.01 each to HK\$0.50 each following the share consolidation of every fifty issued and unissued shares of HK\$0.01 each and the capital reduction of par value of consolidated shares from HK\$0.50 each to HK\$0.01 each with effect from 31 December 2002.
- 於二零零二年六月三日，本公司按每股發售價0.01港元，並以合資格股東每持有兩股股份獲發三股發售股份之基準，發行合共4,025,905,140股每股面值0.01港元之發售股份。本公司收取在未扣除發行費用前之所得款項總額約為40,259,000港元；
  - 根據本集團與多位債權人訂立之多份債項償還協議，本集團分別透過於二零零二年五月十六日、二零零二年七月三十日及二零零二年九月三十日向有關之多位債權人按介乎每股0.01港元至0.015港元之發行價，合共發行1,066,440,000股每股面值0.01港元之股份，作為償還結欠彼等之部份債務；及
  - 於二零零二年七月三十日，根據本集團與一位債權人於二零零二年三月二十七日訂立之債項償還協議，本集團向該債權人發行本金額達16,000,000港元之3厘息可換股票據，作為償還本集團所結欠之部份債務。該3厘息可換股票據須於兩年內償還或可按初步每股兌換價0.01港元(可予調整)轉換本公司每股面值0.01港元之普通股。自二零零二年十二月三十一日起，本公司將每五十股每股面值0.01港元之已發行及未發行股份合併，並進行股本削減，將合併股份之面值由每股0.50港元削減至每股0.01港元，使可換股票據之換股價由每股0.01港元調整至每股0.50港元。

### CAPITAL REORGANIZATION AND CHANGE OF COMPANY NAME

Pursuant to special and ordinary resolutions passed at a special general meeting of the Company held on 30 December 2002, among others, the followings were approved by shareholders:-

- the capital reduction, share consolidation and share premium cancellation of the Company. Further details were set out in the Company's circular dated 4 December 2002.

### 股本重組及更改公司名稱

根據本公司於二零零二年十二月三十日舉行之股東特別大會上通過之特別及普通決議案，其中包括下列事項已獲得股東批准：

- 本公司資本削減、股份合併及股份溢價註銷，詳情載於本公司於二零零二年十二月四日刊發之通函。

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- the name of the Company changed from Hung Fung Group Holdings Limited to Xin Corporation Limited with the approval of the Register of Companies of Bermuda granted on 30 December 2002 and the adoption of “新創綜合企業有限公司” as the Company’s chinese name.

- 將本公司之名稱由 Hung Fung Group Holdings Limited 更改為 Xin Corporation Limited，更改公司名稱一事已於二零零二年十二月三十日獲百慕達公司註冊處批准，並已採納「新創綜合企業有限公司」作為公司中文名稱。

### CHARGES ON GROUP’S ASSETS

Certain leasehold land and buildings with an aggregate carrying value of HK\$45,400,000 as at 31 March 2003 were pledged to secure bank borrowings advanced to the Group.

### 本集團資產之抵押

於二零零三年三月三十一日，本集團抵押賬面總值約45,400,000港元之若干租賃土地及樓宇，以取得往來銀行向本集團授出之銀行信貸。

### PENDING LIGITAION

As at the date of this report, writs of summons had been issued by certain creditors aggregating approximately HK\$3,687,000 together with claims for interests thereon in respect of purchases of goods by, and the provision of services to, the Group. Among which, claims of approximately HK\$2,592,000 are made against a subsidiary which has been dormant. Adequate provisions have been made by the Group in respect of all the claims in the Group’s financial statements as at 31 March 2003.

### 仍未了結訴訟

於本報告刊發日期，若干債權人就購貨及提供服務向本集團發出傳訊令狀，所涉及之款額約共3,687,000港元，另加就此應計之利息。在上述令狀之中，約2,592,000港元乃向本集團一間已暫停營業附屬公司之索償。本集團已於截至二零零三年三月三十一日之財務報表內就全部索償作出足夠撥備。

### CONTINGENT LIABILITIES

In the opinion of the directors, there is no significant contingent liabilities noted as at 31 March 2003.

### 或然負債

董事認為本集團於二零零三年三月三十一日並無重大或然負債。

### LIABILITIES AND FINANCIAL POSITION

As at 31 March 2003, the Group had neither unutilized banking facilities nor any hedging financial instruments. All borrowings of the Group are denominated either in Hong Kong dollars or Renminbi. HK\$50,335,000 is at fixed interest rate and HK\$32,400,000 is at floating interest rate.

### 流動現金及財務狀況

於二零零三年三月三十一日，本集團並無任何未動用之銀行融資或任何對沖金融文據。本集團全部借款均以港幣或人民幣計值，其中50,335,000港元乃以固定利率計息，另32,400,000港元乃以浮動利率計息。

As at 31 March 2003, the total liabilities of the Group was approximately HK\$119,965,000 and is due within one to two years. The Group had net current liabilities and deficiency in assets of approximately HK\$91,336,000 and HK\$11,014,000 respectively. Due to the capital deficiency position as at 31 March 2003, there was no gearing ratio calculated.

於二零零三年三月三十一日，本集團之總負債約為119,965,000港元，並將於一至兩年內到期。本集團之流動負債淨額及資產虧絀分別約為91,336,000港元及11,014,000港元。鑑於截至二零零三年三月三十一日出現股本虧絀，故並無計算資本負債比率。

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Subsequent to the balance sheet date, the directors have proposed on 16 July 2003 to raise the share capital of approximately HK\$51,700,000 before expenses by an open offer with assured allotments of four offer shares for every one share of HK\$0.01 each issued by the Company. The open offer is conditional upon, among others, (i) the approval by independent shareholders at the special general meeting held on 3 September 2003 and (ii) the underwriting agreement becoming unconditional and the underwriter not terminating the underwriting agreement in respect of the open offer on 23 September 2003.

Subsequent to the balance sheet date, the directors have proposed on 16 July 2003 to increase the authorized share capital of the Company of HK\$0.01 each from HK\$15,000,000 to HK\$100,000,000 by creation of 8,500,000,000 shares.

### FOREIGN CURRENCY EXPOSURE

Significant foreign currency exposure was not expected by the Group as sales to foreign customers were settled in US dollars and purchases of materials were in Hong Kong dollars or Renminbi.

### HUMAN RESOURCES

As at 31 March 2003, the Group employed a total number of 609 full-time employees. Among which, 588 staff were based in the PRC and 21 staff in Hong Kong. In addition to competitive remuneration package offered to the employees, share option of the Company may be granted by the Group to attract and retain talented employees. During the year, no share option has been granted.

於結算日後，董事於二零零三年七月十六日建議以公開發售之方式，合共籌集股本約51,700,000港元(未扣除支出)。公開發售之基準為每持有一股每股面值0.01港元之股份可獲本公司保證配發四股發售股份。公開發售須待(其中包括)下列條件獲履行後，方可作實：(i)獨立股東於二零零三年九月三日舉行之股東特別大會上批准；及(ii)包銷協議成為無條件，且包銷商並無於二零零三年九月二十三日終止有關公開發售之包銷協議。

於結算日後，董事於二零零三年七月十六日建議藉着增加8,500,000,000股股份，將本公司每股面值0.01港元之法定股本由15,000,000港元增加至100,000,000港元。

### 外匯風險

由於本集團售貨予外國客戶均以美元結算，而購買原料則以港幣或人民幣結算，故本集團毋須承受重大外匯風險。

### 人力資源

於二零零三年三月三十一日，本集團聘用之全職僱員總數為609人，當中包括長駐中國之職員588人及長駐香港之職員21人。本集團除向僱員提供優厚之薪酬福利外，亦可授出購股權以吸納及挽留優秀人才。於本年度內，本集團並無授出任何購股權。