



新的發展

New Opportunities



Chairman's Statement

主席報告書

On behalf of the Board of Directors, I present the annual report of the Company for the year ended 31 December 2003.

Management Discussion and Analysis

Review of Financial Results

The Group's performance was hard hit by the outbreak of severe acute respiratory syndrome ("SARS") in the first half of the year, resulted in turnover for the year ended 31 December 2003 totaled to HK\$1,416.2 million (1.4.2002 to 31.12.2002: HK\$1,323.3 million) and loss before taxation and minority interests for the year ended 31 December 2003 amounted to HK\$373.0 million (1.4.2002 to 31.12.2002: HK\$304.2 million). The loss was mainly made up of loss from operations of HK\$145.3 million (1.4.2002 to 31.12.2002 : HK\$256.3 million), impairment loss recognised in respect of interest in an associate of HK\$31.7 million (1.4.2002 to 31.12.2002 : HK\$nil), loss on disposal of associates of HK\$23.5 million (1.4.2002 to 31.12.2002 : HK\$nil), loss on disposal of discontinued operation of HK\$32.7 million (1.4.2002 to 31.12.2002 : HK\$nil), share of results of associates of HK\$114.8 million (1.4.2002 to 31.12.2002 : HK\$33.5 million) and finance costs of HK\$25.0 million (1.4.2002 to 31.12.2002: HK\$12.7 million).

Travel and Related Services

Other than SARS, the tourism industry and the economy of Hong Kong suffered severely from the war in Iraq and the persistently high unemployment rate during the year under review. Only a very limited number of outbound tours to a few Asian destinations were organised during the period from March to June 2003 during which Hong Kong and major cities of the PRC were being declared as SARS affected areas by the World Health Organisation (the "WHO"). Despite these adverse factors, the industry recovered rapidly during the second half of the year following the control of the epidemic, the launch of the Individual Visit Scheme and the implementation of the Closer Economic Partnership Arrangement. As a result, turnover of this business segment for the year ended 31 December 2003 was HK\$1,291.9 million (1.4.2002 to 31.12.2002 : HK\$1,185.6 million). This gave rise to a profit for this segment amounted to HK\$17.9 million (1.4.2002 to 31.12.2002 : a loss of HK\$6.5 million).

本人謹代表董事會提呈本公司截至二零零三年十二月三十一日止年度之年報。

管理層之討論及分析

財務業績回顧

本集團上半年之表現因受到嚴重急性呼吸系統綜合症（「非典型肺炎」）所打擊，截至二零零三年十二月三十一日止年度之總營業額為1,416,200,000港元（二零零二年四月一日至二零零二年十二月三十一日：1,323,300,000港元），而截至二零零三年十二月三十一日止年度之除稅前及未計少數股東權益前虧損為373,000,000港元（二零零二年四月一日至二零零二年十二月三十一日：304,200,000港元）。虧損主要來自經營業務虧損145,300,000港元（二零零二年四月一日至二零零二年十二月三十一日：256,300,000港元）、於一間聯營公司之權益之已確認減值虧損31,700,000港元（二零零二年四月一日至二零零二年十二月三十一日：無）、出售聯營公司之虧損23,500,000港元（二零零二年四月一日至二零零二年十二月三十一日：無）、出售已終止業務之虧損32,700,000港元（二零零二年四月一日至二零零二年十二月三十一日：無）、應佔聯營公司業績114,800,000港元（二零零二年四月一日至二零零二年十二月三十一日：33,500,000港元）及融資成本25,000,000港元（二零零二年四月一日至二零零二年十二月三十一日：12,700,000港元）。

旅遊及相關服務

於回顧年度，除非典型肺炎之影響外，香港之旅遊業及經濟亦飽受伊拉克戰爭及失業率持續高企等問題打擊。二零零三年三月至六月期間，世界衛生組織（「世衛」）宣布將香港及中國主要城市列為非典型肺炎疫區，因而僅有有限數目之外遊團能安排成行往少數亞洲地區。儘管有上述不利因素，在疫症受到控制後，隨著推行個人遊計劃及實施更緊密經貿關係安排，旅遊業於下半年隨即迅速復甦。因此，此項業務於截至二零零三年十二月三十一日止年度之營業額為1,291,900,000港元（二零零二年四月一日至二零零二年十二月三十一日：1,185,600,000港元），所產生之溢利為17,900,000港元（二零零二年四月一日至二零零二年十二月三十一日：虧損6,500,000港元）。

Transportation Services

Suffering from SARS, the number of incoming travelers, both for leisure and for business, reduced tremendously. The cross-border coach sector was also severely impacted during the year when the whole Guangdong Province was declared as a SARS affected area by the WHO. Turnover of this business segment for the year ended 31 December 2003 was HK\$129.6 million (1.4.2002 to 31.12.2002 : HK\$144.5 million). This gave rise to a loss for this segment amounted to HK\$19.5 million (1.4.2002 to 31.12.2002 : HK\$7.6 million).

As this sector has operated at a loss for years, the Group has disposed of its transportation business to an independent third party in October 2003.

Results of Associates

The associated company, operating a 5-star hotel in Harbin, the PRC, continued to report an operating loss. The Group's share of loss of this associate for the year ended 31 December 2003 was HK\$26.4 million (1.4.2002 to 31.12.2002 : HK\$30.2 million). During the year, the directors reviewed the carrying amount of interest in this associate and considered that the recoverable amount is minimal. Accordingly, an amount of approximately HK\$31.7 million was recognised as impairment loss in the financial statements.

Rosedale Hotel Group Limited ("Rosedale") (name changed to China Velocity Group Limited on 26 January 2004) has undergone a reorganisation in December 2003 and resulted in Apex Quality Group Limited ("Apex"), a former subsidiary of Rosedale, holding all assets and liabilities of Rosedale in relation to the hotel and leisure-related businesses. The shareholders of Rosedale have received by way of distribution in specie on the basis of one Apex share for one Rosedale share. Consequent to the reorganisation, the Group has disposed of its entire interest in Rosedale, the listed company, immediately following the abovementioned reorganisation pursuant to the Rosedale Share Sale Agreement entered into on 9 July 2003. On the other hand, the Group has a 49.6% shareholding in Apex as at 31 December 2003 and a 67.9% shareholding in Apex immediately upon the closing of the unconditional voluntary cash offer ("Apex Offer") made by the Company to acquire from the shareholders of Apex the shares in Apex ("Apex Shares") not already held by the Group and parties acting in concert with it at a consideration of HK\$0.26 per share. Apex has become a subsidiary of the Group since then.

客運服務

受非典型肺炎影響，休閒或商務之入境旅客人數均大幅下跌。於本年度世衛將整個廣東省列為疫區，過境巴士業務亦受到嚴重打擊。此項業務於截至二零零三年十二月三十一日止年度之營業額為129,600,000港元（二零零二年四月一日至二零零二年十二月三十一日：144,500,000港元），所產生之虧損為19,500,000港元（二零零二年四月一日至二零零二年十二月三十一日：7,600,000港元）。

由於此業務於多個年度均於經營有所虧損，故本集團已於二零零三年十月將其客運業務出售予一名獨立第三方。

聯營公司業績

在中國哈爾濱經營五星級酒店之聯營公司繼續錄得經營虧損。截至二零零三年十二月三十一日止年度，本集團應佔該聯營公司之虧損為26,400,000港元（二零零二年四月一日至二零零二年十二月三十一日：30,200,000港元）。於年內，董事已審閱於該聯營公司之權益之賬面值，並認為可收回數額微薄。故此，約31,700,000港元之數額已於財務報表確認為減值虧損。

珀麗酒店集團有限公司（「珀麗」）（於二零零四年一月二十六日更改名稱為China Velocity Group Limited）於二零零三年十二月進行重組，導致珀麗之前附屬公司Apex Quality Group Limited（「Apex」）持有珀麗旗下所有酒店及休閒相關業務之資產與負債。珀麗股東透過實物分派方式收取Apex股份，基準為每持有一股珀麗股份將收取一股Apex股份。於緊隨上述重組後，本集團根據於二零零三年七月九日訂立之珀麗股份出售協議已出售其於上市公司珀麗之全部權益。另一方面，本集團於二零零三年十二月三十一日擁有Apex之股權49.6%，而於緊隨本公司向Apex股東以代價每股股份0.26港元收購本集團及其一致行動之人士尚未持有之Apex股份（「Apex股份」）之無條件自願性收購建議（「Apex收購建議」）結束後，則擁有Apex之股權67.9%。此後，Apex已成為本集團之附屬公司。

Chairman's Statement 主席報告書

The Group's share of results in Rosedale acquired in December 2002 was a loss of HK\$81.7 million (1.4.2002 to 31.12.2002 : HK\$2.4 million) caused mainly by impairment losses recognised in respect of its hotel and other properties. The Group's share of results in Apex for the year ended 31 December 2003 was a loss of HK\$6.4 million.

Material Acquisitions and Disposals

As stated in the joint announcement of the Company dated 8 August 2003, the Group, among other things, had entered into the Rosedale Share Sale Agreement on 9 July 2003 to dispose of its entire interest in Rosedale to a third party for a consideration of approximately HK\$88 million subject to various conditions. One of the conditions is the completion of an internal group reorganisation of Rosedale ("Rosedale Group Reorganisation") as mentioned in the aforesaid joint announcement. The Rosedale Group Reorganisation, if approved and implemented, will result in, among other things, (i) Apex holding principally all assets and liabilities of Rosedale and its subsidiaries in relation to the hotel and leisure-related businesses; and (ii) the Rosedale shareholders receiving by way of distribution in specie of the Apex Shares on one Apex Share for one consolidated Rosedale share basis.

The Rosedale Group Reorganisation was duly completed on 12 December 2003 and the Rosedale Share Sale Agreement was approved by the independent shareholders of the Company and was completed on 16 December 2003.

The Apex Offer was made on 19 December 2003 and was closed on 9 January 2004 with acceptance of 51,781,361 Apex Shares not already held by the Group and parties acting in concert with it. As a result, the Group controlled 188,448,027 Apex Shares, representing approximately 67.9% of the voting rights in Apex upon closing the Apex Offer.

On 25 October 2003, the Group entered into an agreement with a third party to dispose of the entire issued share capital in Trans-Island Limousine Service Limited. The agreement was completed on 31 October 2003.

本集團所佔於二零零二年十二月收購之珀麗之業績為虧損81,700,000港元(由二零零二年四月一日起至二零零二年十二月三十一日止:2,400,000港元)·主要來自酒店及其他物業之已確認減值虧損。本集團於截至二零零三年十二月三十一日止年度應佔Apex之業績為虧損6,400,000港元。

重大收購及出售事項

誠如本公司日期為二零零三年八月八日之聯合公布所述·本集團(其中包括)於二零零三年七月九日訂立珀麗股份出售協議·將其擁有之珀麗全部股權出售予一名第三方·代價約88,000,000港元·惟須待達成多項條件後始能作實。其中一項條件為上述聯合公布所指完成珀麗之內部集團重組(「珀麗集團重組」)。倘珀麗集團重組獲批准及付諸實行·將導致(其中包括)·(i)Apex主要持有珀麗及其附屬公司所有有關酒店及休閒相關業務之資產與負債;及(ii)珀麗股東會透過實物分派方式收取Apex股份·基準為每持有一股合併珀麗股份將收取一股Apex股份。

珀麗集團重組已於二零零三年十二月十二日正式完成·而珀麗股份出售協議已經由本公司獨立股東批准·並於二零零三年十二月十六日完成。

Apex收購建議於二零零三年十二月十九日展開並於二零零四年一月九日截止·共獲得51,781,361股本集團及與其一致行動人士尚未擁有之Apex股份接納。因此·本集團控制188,448,027股Apex股份·佔Apex收購建議截止時Apex之投票權約67.9%。

於二零零三年十月二十五日·本集團與一名第三方訂立一項協議·出售環島旅運有限公司全部已發行股本。該協議已於二零零三年十月三十一日完成。

Liquidity and Capital Resources

On 31 May 2002, the Company entered into three subscription agreements with three subscribers to subscribe for 2,000,000,000, 500,000,000 and 500,000,000 shares of the Company of HK\$0.01 each respectively at a price of HK\$0.08 per share. The last two subscriptions have been completed. On 30 September 2003, the Company entered into a settlement agreement with the subscriber of the 2,000,000,000 shares (the "Subscriber") in which it is stated that the Subscriber's position is that there is not in existence any agreement or understanding, whether written or oral, in connection with any subscription by the Subscriber of shares in the Company. The settlement agreement also states that the Company's position is that there is in existence a document stated to be dated 31 May 2002 relating to a subscription by the Subscriber of shares in the Company as well as a document stated that the completion date for such subscription had been extended. The settlement agreement provides that such disputed documents do not have any effect and will not proceed. There is no monetary consideration for the settlement agreement.

As stated in the press announcement of the Company dated 17 February 2003, the Company had put forward, among other things, a proposal of a capital reorganisation of the Company to the shareholders of the Company for approval. The capital reorganisation was terminated pursuant to the announcement dated 9 October 2003.

On 13 January 2004, the Company entered into agreements ("CN Agreements") (as subsequently amended on 17 March 2004) with each of China Enterprises Limited ("CEL") and Hutchison International Limited ("HIL") for the issue of convertible notes by the Company to each of CEL and HIL or their respective nominees for a consideration of HK\$155 million and HK\$105 million respectively. Since completion of the CN Agreements had not taken place on or before 19 April 2004, both CEL and HIL have indicated their willingness to extend the maturity date for their convertible notes issued in 2002 falling due on 19 April 2004. Further announcement shall be made by the Company as soon as practicable.

流動資金及資本來源

於二零零二年五月三十一日，本公司分別與三位認購人訂立三份認購協議，按每股0.08港元之價格分別認購2,000,000,000股、500,000,000股及500,000,000股每股面值0.01港元之本公司股份。最後兩項認購事項已經完成。於二零零三年九月三十日，本公司與認購2,000,000,000股股份之認購人（「認購人」）訂立一項清償協議，當中指出認購人從未以書面或口頭方式就認購人認購任何本公司股份訂立任何協議或諒解協議。清償協議亦指出，本公司堅持有一份日期為二零零二年五月三十一日之文件，內容有關認購人認購本公司股份，以及另一份文件指出已延長該項認購之完成日期。清償協議載明該等爭議文件並無構成任何影響，亦不會繼續生效。該清償協議並不涉及任何金錢代價。

誠如本公司日期為二零零三年二月十七日之公布所述，本公司已向本公司股東提呈（其中包括）一項本公司股本重組之建議，以待批准。根據日期為二零零三年十月九日刊發之公布，該股本重組已終止。

於二零零四年一月十三日，本公司分別與China Enterprises Limited（「CEL」）及Hutchison International Limited（「HIL」）訂立協議（「CN協議」）（隨後於二零零四年三月十七日修訂），內容乃關於本公司分別向CEL及HIL或彼等各自之代名人發行可換股票據，代價分別為155,000,000港元及105,000,000港元。由於CN協議並未於二零零四年四月十九日或之前完成，CEL及HIL均已表示願意延長於二零零二年發行並於二零零四年四月十九日到期之可換股票據之到期日。本公司將於實際可行之情況下盡快另行發出公布。

Chairman's Statement

主席報告書

At balance sheet date, the Group's total borrowings were approximately HK\$519.9 million (31.12.2002 : HK\$489.9 million) which comprised loans from related companies of HK\$231.3 million (31.12.2002 : HK\$6.5 million), bank and short term loan repayable within one year of HK\$28.2 million (31.12.2002 : HK\$184.5 million), bank and other loans repayable after one year of HK\$6.3 million (31.12.2002 : HK\$21.7 million), obligations under finance lease and sale and lease back arrangements of HK\$nil (31.12.2002 : HK\$23.1 million) and outstanding convertible notes of HK\$254.1 million (31.12.2002 : HK\$254.1 million) repayable in 2 years from the date of issue. Other than for the convertible notes which bear interest at a fixed interest rate of 2% per annum, all other loans bear floating interest rates.

The market value of the commercial properties held by the Group and the hotel properties held by Apex declined consequent to the SARS epidemic. This decline in market value reduced the shareholders' funds of the Group to a significant extent. Coupled with the additional fundings arranged for the operations of the Group, the gearing ratio, expressed as a percentage of total borrowings to shareholders' funds, increased from 74.8% as at 31 December 2002 to 177.3% as at 31 December 2003.

Pledge of Assets

At 31 December 2003, certain assets of the Group amounted to HK\$20.2 million (31.12.2002 : HK\$123.7 million) were pledged to banks and financial institutions for banking facilities.

Contingent Liabilities

The Group had given an undertaking to Apex to indemnify it against any potential loss it may suffer as a result of failure to transfer the land use right to the 60% owned subsidiary of Apex holding Golden Gulf Hotel including the payment of any land premium payable for such transfer. It is estimated that the land premium for such transfer would be approximately HK\$37.3 million.

The Group has provided a guarantee to the holder of the promissory note of HK\$365 million issued by a wholly owned subsidiary of Apex.

於結算日，本集團之借款總額約為519,900,000港元（於二零零二年十二月三十一日：489,900,000港元），其中包括關連公司貸款231,300,000港元（於二零零二年十二月三十一日：6,500,000港元）、一年內償還之銀行及短期貸款28,200,000港元（於二零零二年十二月三十一日：184,500,000港元）、一年後償還之銀行及其他貸款6,300,000港元（於二零零二年十二月三十一日：21,700,000港元）、融資租約及售後租回安排之承擔零港元（於二零零二年十二月三十一日：23,100,000港元）及自發行日期起兩年內償還之未兌換可換股票據254,100,000港元（於二零零二年十二月三十一日：254,100,000港元）。除可換股票據按固定利率每年2厘計息外，所有其他貸款均按浮動利率計息。

非典型肺炎疫情過後，本集團擁有之商業物業及Apex持有之酒店物業市值下跌。市值下跌導致本集團股東資金大幅減少。連同本集團就營運所安排之額外資金，資本負債比率（按借款總額相對股東資金百分比列示）由二零零二年十二月三十一日之74.8%增加至二零零三年十二月三十一日之177.3%。

資產抵押

於二零零三年十二月三十一日，本集團已將價值20,200,000港元（二零零二年十二月三十一日：123,700,000港元）之若干資產抵押予銀行及財務機構作銀行融資額。

或然負債

本集團已向Apex承諾，就因未能將土地使用權轉讓予Apex擁有60%之持有洛陽金水灣大酒店之附屬公司所產生之任何潛在虧損，包括就該項轉讓而支付之土地出讓金而向Apex作出彌償。該項轉讓之土地轉讓金估計約37,300,000港元。

本集團已向Apex之全資附屬公司發行之365,000,000港元承兌票據持有人提供一項擔保。

The Group has no other significant contingent liabilities as at 31 December 2003 other than the aforesaid undertaking and guarantee.

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. As such, the fluctuation of foreign currencies did not have a significant impact on the performance, results and operations of the Group for the reporting year.

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

Employees

At 31 December 2003, the Group has approximately 680 employees of which 21 employees were stationed overseas. Competitive remuneration packages are structured to commensurate with the responsibilities, qualifications, experience and performance of individuals. The Group also provided training programmes, provident fund scheme and medical insurance for its employees.

The Group has 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.

No options have been granted under the Scheme since its adoption.

除上述承擔及擔保外，本集團於二零零三年十二月三十一日概無任何其他重大或然負債。

外幣風險

本集團之大部分資產、負債及業務交易均以港元、美元及人民幣計算。因此，外幣匯率波動對本集團於報告年度之表現、業績及營運並無造成重大影響。

本集團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。

僱員

於二零零三年十二月三十一日，本集團聘用約680名僱員，當中21名駐居海外。本集團為僱員提供與職責、資歷、經驗及個人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。

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採納，董事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採納該計劃日期之已發行股本10%。

自該計劃採納以來並無根據該計劃授出購股權。

Business Review and Prospects

Business Review

The year 2003 started on a gloomy note owed to the Bali bomb attack. No sooner, the global travel industry was disrupted again almost simultaneously by the Iraq war and SARS. The Company's tour operations and transportation businesses were harshly attenuated for several months.

During the affected period, the Company punctually put the accent on local tours in order to tap new avenues of income. We also launched a range of special promotions and initiatives aiming at rebuilding public confidence to travel so as to recover our lost business. At the same time, in order to achieve greater operational efficiencies and cost savings, we have restructured costs and corporate support structures. Several of our less profitable local branches and overseas offices were closed. Support for the Company during this extremely difficult period was demonstrated by our staff who participated in our temporary unpaid leave scheme.

Amidst such adversity, in the second half of the year under review, our turnover picked up quicker than initially expected after the containment of the SARS outbreak and the subsequent lifting of various WHO travel advisories.

In order to capture a market segment not fully served by our traditional sales and marketing channels, the Company introduced several innovative tours and services at attractive price, to name a few of which were photography tours, skiing tours, natural geographic tours, parent-children tours and educational tours. We are pleased that all of them were very well received. The Company won more customers' applause by introducing the interest free six-month installment program which we jointly promoted with several major banks.

The transportation business is getting increasingly difficult for us to focus with travel services being our core strength. Therefore, the management has transferred the entire interest of this business to an independent third party after careful considerations.

業務回顧及展望

業務回顧

二零零三年伊始，峇里島炸彈爆炸，繼而爆發之美伊戰爭以及非典型肺炎，令到全球之旅遊業受到嚴重打擊。本公司之旅遊及客運業務，受影響達多個月。

在受影響期間，本公司及時推出本地遊，以增取新的收入來源。我們亦推出一系列特別的推廣活動及措施，務求重建公眾對旅遊之信心，以便收復業務之虧損。同時，為提高營運效率及節省成本，我們已重整成本及企業支援架構，結束若干盈利較遜之本地及海外分行。本公司在此艱巨時刻獲得其員工不少支持，此包括參與暫時無薪休假計劃。

雖然面對此逆境，但隨著非典型肺炎受到控制，加上世衛撤銷多個旅遊警告，本集團下半年回顧年度之營業額回升幅度遠較預期為佳。

本公司為拓展傳統銷售及市場推廣渠道未涵蓋之市場，以優惠價格推出多項嶄新旅行團及服務，其中包括攝影團、滑雪團、生態旅遊團、親子團及遊學團。我們對該等旅遊團受到熱烈反應感到欣喜萬分。本公司與多間主要銀行聯合推出之六個月免息分期計劃，亦備受客戶歡迎。

本公司以集中旅遊業務為核心，而客運業務經營亦越見困難；因此，管理層經審慎考慮後，將此項業務之全部權益轉讓予一名獨立第三方。

Prospects

After facing one of its worst crises in years, the travel industry is bound to see the return of brighter days.

Since the signing of the Closer Economic Partnership Arrangement, economic exchanges between Hong Kong and the Mainland have gained in momentum. The "Individual Visit Scheme" implemented last year brought in more than a million new visitors. With the further extension of the scheme to all Guangdong cities by May 2004 and possibly other provinces, there will be enormous business opportunities to the Group's hotel business as well as the local tour operations.

The hotel chain, indirectly owned by a company which has become a subsidiary of the Group since January 2004, consists of Best Western Rosedale On The Park in Hong Kong; Rosedale Hotel & Suites ■ Guangzhou in Guangzhou, the PRC; and Rosedale Hotel & Suites ■ Beijing in Beijing, the PRC. It is anticipated that Golden Gulf Hotel located in Luoyang, the PRC will be branded under Rosedale in year 2004.

After the acquisition, we are preparing to market our hotel products more aggressively by combining them with our package tour products. It is expected that our hotel operation will contribute significant recurring income to the Group in the forthcoming years.

Business sentiment in Hong Kong is improving and the economy has begun to rebound. Property market has been stabilised and is trending upward. Unemployment has eased, though slowly. Although economic restructuring will still continue for some time, we believe we have seen the light at the end of the tunnel. We expect the Group to register better performance for the year going forward as the travel industry recovers in tandem with the improving economy.

In a year where there was increased emphasis on cost-containment and cost-reduction, our dedicated employees were able to work closely to find creative solutions to staffing and cost control. Our employees preserve the Group's competitive edge when they deliver the quality service and customized care for which the Group is recognized.

Yu Kam Kee, Lawrence

Chairman

Hong Kong, 23 April 2004

展望

旅遊業經過多年來最惡劣之危機後，將從谷底回升，步入佳境。

繼簽訂更緊密經貿關係的安排後，香港與中國內地之交往將更見頻繁。去年推出之「自由行」計劃，為本港新增超過一百萬名旅客。有關計劃於二零零四年五月普及至廣東省內所有城市，甚至可能推行至其他省份，將為本集團之酒店業及本地遊業務帶來龐大之商機。

自二零零四年一月起成為本集團附屬公司之公司間接擁有之酒店包括香港珀麗酒店；中國廣州市廣州珀麗酒店及中國北京市北京珀麗酒店。預期位於中國洛陽市之洛陽金水灣大酒店將於二零零四年度採用珀麗之品牌。

收購後，我們正計劃更積極進行推廣將酒店產品配合我們之旅行團產品。預期本集團之酒店業務將於未來為本集團帶來可觀之經常性收入。

香港營商氣氛改善，而經濟亦開始復甦。物業市場已見穩定，且漸復升軌。失業率亦已逐漸下調。雖然經濟重整仍須進行一段時間，但我們相信已漸見曙光。我們預期隨著經濟改善，旅遊業將同步復甦，本集團在來年將錄得更佳表現。

在成本控制及削減成本為前提之一年中，於我們之員工同心協力下，設計出有關員工及成本控制之嶄新方案。為保持本集團之競爭優勢，我們之員工亦提供本集團備受稱許之優質服務及照顧所有客戶所需。

主席

余錦基

香港，二零零四年四月二十三日