

The directors present their annual report and the audited financial statements for the year ended 31 March, 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group continues to be engaged in the transport industry, which includes services of direct shipment, transshipment, drayage of cargo and charter hiring of vessels. In addition, the Group also diversified its activities into the sales of airline tickets, provision of travel-related services and the operation of a restaurant.

An analysis of the Group's turnover and contribution to loss from operations is set out in note 4 to the financial statements.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company in a special general meeting held on 29 December, 2000, the Company changed its name from Wing Lee International Holdings Limited to Asia Resources Transportation Holdings Limited.

RESULTS

The results of the Group for the year ended 31 March, 2001 are set out in the consolidated income statement on page 20 of the annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 60 of the annual report.

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of the movements in the share capital, warrants and share options of the Company during the year are set out in notes 20, 21 and 22 to the financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in note 23 to the financial statements.

INVESTMENT PROPERTIES

The investment properties of the Group were revalued at 31 March, 2001 and the resulting deficit of approximately HK\$1,175,000 has been charged to the consolidated income statement.

Details of the movements in investment properties of the Group during the year are set out in note 12 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

As a result of the downturn of the industry, a provision of approximately HK\$8,107,000 for impairment in value of a vessel of the Group had been made during the year, in which approximately, HK\$5,707,000 has been charged to the Group's asset revaluation reserve and approximately HK\$2,400,000 has been charged to the consolidated income statement.

The Group revalued all of its remaining tug boats, barges and vessels at 31 March, 2001. This resulted in a deficit of approximately HK\$34,140,000, in which approximately HK\$28,352,000 has been charged to the Group's asset revaluation reserve and approximately HK\$5,788,000 has been charged to the consolidated income statement.

During the year, the Group also disposed of certain of its property, plant and equipment with an aggregate net book value of approximately HK\$27,095,000.

PROPERTY, PLANT AND EQUIPMENT *(continued)*

In addition, the Group revalued all of its land and buildings at 31 March, 2001. This resulted in a deficit of approximately HK\$330,000, which has been charged to the consolidated income statement.

Details of these and other movements in property, plant and equipment of the Group and the Company during the year are set out in note 13 to the financial statements.

DONATIONS

During the year, the Group made charitable donations totalling HK\$110,000.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Lam Tak Shing (Chairman)

Chan Wing Ming, William (appointed on 11 January, 2001)

Lok Shing Kwan, Sunny (appointed on 16 October, 2000 and resigned on 23 January, 2001)

Chan Yeuk Yu, Dennis (appointed on 11 January, 2001 and resigned on 31 March, 2001)

Keung Mei Wah, Jennifer (appointed on 11 January, 2001 and resigned on 16 May, 2001)

Chow Wing Kee (resigned on 27 September, 2000)

Chow Yin King (resigned on 27 September, 2000)

Leung Kwai Hoi (resigned on 29 September, 2000)

Ip Chun Chung, Robert (resigned on 16 October, 2000)

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS *(continued)*

Independent Non-executive Directors:

Ho Kwok Wah, George

Chung Lai Fong

In accordance with clause 86(2) of the Company's Bye-laws, Mr. Chan Wing Ming, William retires and, being eligible, offers himself for re-election.

The term of office of each of the non-executive directors is the period up to their retirement as required by the Company's Bye-laws.

No director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March, 2001, as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong's Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), none of the directors, nor any of their associates had any interest as at 31 March, 2001 in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the Company's share option scheme, certain directors of the Company have personal interests in share options which have been granted to them to subscribe for shares in the Company. The movements during the year in the share options granted to these directors were as follows:

Name of directors	Exercisable period	Exercise price HK\$	Number of share options					Outstanding at 31.3.2001
			Outstanding at 1.4.2000	Adjustment upon the private placement	Granted during the year	Exercised during the year	Lapsed during the year	
Lam Tak Shing	29 February, 2000 - 28 February, 2010	0.163 (note a)	28,000,000 —	1,030,676 (note a)	—	—	—	29,030,676
	27 April, 2000 - 26 April, 2010	0.122	—	—	5,000,000	—	—	5,000,000
Lok Shing Kwan, Sunny (former director)	4 November, 2000 - 3 November, 2010	0.100	—	—	30,000,000	—	(30,000,000)	—
Keung Mei Wah, Jennifer (note b)	10 August, 2000 - 9 August, 2010	0.107	—	—	15,000,000	—	—	15,000,000
	4 November, 2000 - 3 November, 2010	0.100	—	—	5,000,000	—	—	5,000,000
Chow Wing Kee (former director)	29 February, 2000 - 28 February, 2010	0.163 (note a)	2,000,000	73,624 (note a)	—	—	(2,073,624)	—
Leung Kwai Hoi (former director)	29 February, 2000 - 28 February, 2010	0.163 (note a)	28,000,000	1,030,676 (note a)	—	—	(29,030,676)	—
	27 April, 2000 - 26 April, 2010	0.122	—	—	5,000,000	—	(5,000,000)	—
Ip Chun Chung, Robert (former director)	29 February, 2000 - 28 February, 2010	0.163 (note a)	28,000,000	1,030,676 (note a)	—	—	(29,030,676)	—
	27 April, 2000 - 26 April, 2010	0.122	—	—	5,000,000	—	(5,000,000)	—

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES *(continued)*

Notes:

- (a) During the year, adjustments were made to the number and exercise price of the outstanding share options in accordance with the rules of the share option scheme following the Company's private placement of shares as described in note 20(b) to the financial statements.
- (b) Ms. Keung Mei Wah, Jennifer resigned as director of the Company subsequent to the balance sheet date on 16 May, 2001.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate. Similarly, none of the spouses or children under the age of 18 of the directors had any rights to subscribe for securities of the Company or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 March, 2001, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed the following persons, are interested in 10% or more of the nominal value of the issued shares of the Company:

Name of shareholders	Number of shares held <i>(Note)</i>
Dragon Point Enterprises Limited ("Dragon Point")	438,883,214
Mr. Yeung Ka On	438,883,214

Note:

Dragon Point is a company wholly-owned by Mr. Yeung Ka On and was deemed to be interested in the 438,883,214 shares which was registered in the name of Dragon Point.

Save as disclosed above, the Company has not been notified of any other interests as at 31 March, 2001 representing 10% or more of the nominal value of the issued share capital of the Company.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, pursuant to a tenancy agreement dated 15 September, 1999, the Group leased office premises for a period of one year from Win Cosmos Development Limited (“Win Cosmos”), a company owned as to 40% by a former director of the Company, Mr. Chow Wing Kee. The Group did not renew the tenancy upon termination of the tenancy agreement. The tenancy agreement with Win Cosmos was arrived at after arm’s length negotiation and determined with reference to the open market rent of HK\$122,000 as valued by Lawson David & Sung Surveyors Limited, an independent valuer. The directors including the independent non-executive directors of the Company consider the terms of the tenancy agreement to be fair and reasonable and in the interests of both the Company and its shareholders. During the year, the Group paid rentals amounting to HK\$679,000 to Win Cosmos.

In addition, during the year, the Group paid printing expenses of HK\$166,000 to Mantex Printing Limited, a company in which a former director of the Company, Mr. Chow Wing Kee, had a beneficial interest.

At 31 March, 2001, a former director of the Company, Mr. Chow Wing Kee, has given personal guarantees to the extent of HK\$31,000,000 in respect of credit facilities granted to certain of the Company’s subsidiaries.

Save as disclosed above:

- (i) no other contracts of significance subsisted at any time during the year to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly; and
- (ii) there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

MAJOR SUPPLIERS AND CUSTOMERS

During the year, both the aggregate sales attributable to the Group’s five largest customers and the aggregate costs attributable to the Group’s five largest service providers were less than 30% of the Group’s sales and costs respectively.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March, 2001 with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 33 to the financial statements.

AUDITORS

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

LAM TAK SHING
CHAIRMAN

Hong Kong, 27 July, 2001