



 亞洲資源運輸控股有限公司  
Asia Resources Transportation Holdings Limited

INTERIM REPORT 2001

## INTERIM RESULTS

The Board of Directors of Asia Resources Transportation Holdings Limited (the “Company”) is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively refer to as the “Group”) for the six months ended 30th September, 2001 together with the comparative figures for the corresponding period in 2000 are as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2001

|   | Notes | For the six months<br>ended 30th September, |                                 |
|---|-------|---|---------------------------------|
|   |       | 2001<br>(unaudited)<br>HK\$'000             | 2000<br>(unaudited)<br>HK\$'000 |
| Turnover                                      | 3     | 19,890                                      | 155,263                         |
| Cost of services                              |       | <u>(14,611)</u>                             | <u>(143,910)</u>                |
| Gross profit                                  |       | 5,279                                       | 11,353                          |
| Interest income                               |       | 55  | 258                             |
| Other revenue                                 |       | 124   | 403                             |
| Administrative expenses                       |       | (15,984)                                    | (40,513)                        |
| Provision for amounts due from associates     |       | —   | (7,156)                         |
| Provision for impairment in value of a vessel |       | —   | (2,400)                         |
| Provision for bad and doubtful debts          |       | —   | (1,200)                         |
| Loss on disposal of a vessel                  |       | (5,377)                                     | —                               |
| Loss on disposal of containers                |       | <u>—</u>                                    | <u>(882)</u>                    |
| Loss from operations                          | 4     | (15,903)                                    | (40,137)                        |
| Finance costs                                 |       | (1,560)                                     | (2,989)                         |
| Share of losses of associates                 |       | <u>—</u>                                    | <u>(345)</u>                    |
| Loss before taxation                          |       | (17,463)                                    | (43,471)                        |
| Taxation                                      | 5     | <u>—</u>                                    | <u>(1,000)</u>                  |
| Net loss for the period                       |       | <u>(17,463)</u>                             | <u>(44,471)</u>                 |
| Loss per share — Basic                        | 6     | <u>(1.0 cent)</u>                           | <u>(3.2 cents)</u>              |

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th September, 2001

|                                |              | <b>30th September,<br/>2001<br/>(unaudited)</b> | 31st March,<br>2001<br>(audited) |
|--------------------------------|--------------|---|----------------------------------|
|                                | <i>Notes</i> | <b><i>HK\$'000</i></b>                          | <i>HK\$'000</i>                  |
| Non-current assets             |              |   |                                  |
| Investment properties          | 7            | <b>13,518</b>                                   | 13,518                           |
| Property, plant and equipment  |              | <b>128,301</b>                                  | 144,539                          |
| Interests in associates        |              | <b>34,871</b>                                   | 34,855                           |
|                                |              | <hr/> <b>176,690</b> <hr/>                      | <hr/> 192,912 <hr/>              |
| Current assets                 |              |   |                                  |
| Trade and other receivables    | 8            | <b>11,628</b>                                   | 8,514                            |
| Pledged bank deposits          |              | —   | 684                              |
| Bank balances and cash         |              | <b>1,659</b>                                    | 2,976                            |
|                                |              | <hr/> <b>13,287</b> <hr/>                       | <hr/> 12,174 <hr/>               |
| Current liabilities            |              |   |                                  |
| Trade and other payables       | 9            | <b>17,493</b>                                   | 15,944                           |
| Trade payables to an associate |              | <b>15</b>                                       | 15                               |
| Taxation payable               |              | <b>3,207</b>                                    | 3,207                            |
| Borrowings due within one year |              | <b>11,659</b>                                   | 13,025                           |
| Other short-term loans         |              | <b>13,750</b>                                   | 5,000                            |
| Bank overdrafts — secured      |              | —   | 1,163                            |
|                                |              | <hr/> <b>46,124</b> <hr/>                       | <hr/> 38,354 <hr/>               |

## CONDENSED CONSOLIDATED BALANCE SHEET (Cont'd)

As at 30th September, 2001

|                                       |              | <b>30th September,</b> | 31st March,     |
|---------------------------------------|--------------|------------------------|-----------------|
|                                       |              | <b>2001</b>            | 2001            |
|                                       |              | <b>(unaudited)</b>     | (audited)       |
|                                       | <i>Notes</i> | <b>HK\$'000</b>        | <b>HK\$'000</b> |
| Net current liabilities               |              | <u>(32,837)</u>        | <u>(26,180)</u> |
| Total assets less current liabilities |              | <u><b>143,853</b></u>  | <u>166,732</u>  |
| Non-current liabilities               |              |                        |                 |
| Borrowings due after one year         |              | <b>8,259</b>           | 13,675          |
| Deferred taxation                     |              | <u>256</u>             | <u>256</u>      |
|                                       |              | <u><b>8,515</b></u>    | <u>13,931</u>   |
| Net assets                            |              | <u><b>135,338</b></u>  | <u>152,801</u>  |
| Capital and reserves                  |              |                        |                 |
| Share capital                         | <i>10</i>    | <b>176,821</b>         | 176,821         |
| Reserves                              | <i>11</i>    | <u>(41,483)</u>        | <u>(24,020)</u> |
| Shareholders' funds                   |              | <u><b>135,338</b></u>  | <u>152,801</u>  |

## CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the six months ended 30th September, 2001

|  | For the six months<br>ended 30th September, |  |
|--|---|--|
|  | 2001<br>(unaudited)<br><i>HK\$'000</i>      | 2000<br>(unaudited)<br><i>HK\$'000</i> |
| Provision for impairment in value of a vessel                          | —   | (5,707)                                |
| Share of translation reserve of an associate                           | —   | 28                                     |
| Net loss not recognised in the condensed consolidated income statement | —   | (5,679)                                |
| Net loss for the period  | <u>(17,463)</u>                             | <u>(44,471)</u>                        |
| Total recognised losses  | <u><u>(17,463)</u></u>                      | <u><u>(50,150)</u></u>                 |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September, 2001

|   | For the six months<br>ended 30th September, |                       |
|---|---|-----------------------|
|   | 2001  | 2000                  |
|   | (unaudited)                                 | (unaudited)           |
|   | HK\$'000                                    | HK\$'000              |
| Net cash outflow from operating activities                            | (3,571)                                     | (9,225)               |
| Net cash outflow from returns on investments and servicing of finance | (1,505)                                     | (2,875)               |
| Net cash outflow from taxation  | —   | (1,254)               |
| Net cash inflow (outflow) from investing activities                   | <u>2,954</u>                                | <u>(8,643)</u>        |
| Net cash outflow before financing                                     | (2,122)                                     | (21,997)              |
| Net cash inflow from financing  | <u>1,968</u>                                | <u>23,240</u>         |
| (Decrease) increase in cash and cash equivalents                      | (154)                                       | 1,243                 |
| Cash and cash equivalents at beginning of the period                  | <u>1,813</u>                                | <u>(5,692)</u>        |
| Cash and cash equivalents at end of the period                        | <u><u>1,659</u></u>                         | <u><u>(4,449)</u></u> |
| Analysis of the balances of cash and cash equivalents                 |   |                       |
| Bank balances and cash  | 1,659                                       | 8,724                 |
| Bank overdrafts   | <u>—</u>                                    | <u>(13,173)</u>       |
|   | <u><u>1,659</u></u>                         | <u><u>(4,449)</u></u> |

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

*For the six months ended 30th September, 2001*

### 1. BASIC OF PREPARATION

The financial statements has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties, land and building, tug boats, barges and vessels.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2001.

In the current period, the Group has adopted, for the first time, a number of new and revised SSAP issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following new/revised accounting polices.

#### **Leases**

SSAP 14 (Revised) "Leases" has introduced some amendments to the basis of accounting for finance and operating leases. These changes have not had any material effect on the results for the current or prior accounting periods and, accordingly, no prior period adjustment is required.

#### **Segment reporting**

In the current period, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for six months ended 30th September, 2000 have been amended so that they are presented on a consistent basis.

### 3. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to loss from operations by activity and geographical region as follows:

| Activity  | Turnover                                 |                  | Contribution to loss from operations     |                  |
|---|--|------------------|--|------------------|
|   | For the six months ended 30th September, |                  | For the six months ended 30th September, |                  |
|   | 2001<br>HK\$'000                         | 2000<br>HK\$'000 | 2001<br>HK\$'000                         | 2000<br>HK\$'000 |
| Direct shipment and transshipment of cargo                        | —  | 129,249          | —  | (40,545)         |
| Drayage of cargo  | —  | 10,435           | —  | 878              |
| Vessel charter hire   | 5,711                                    | —                | (15,103)                                 | —                |
| Sales of airline tickets and provision of travel-related services | 7,513                                    | 8,987            | (508)                                    | (41)             |
| Operation of a restaurant   | 6,666                                    | 6,592            | (292)                                    | (429)            |
|   | <u>19,890</u>                            | <u>155,263</u>   |  |                  |
| Loss from operations  |  |                  | <u>(15,903)</u>                          | <u>(40,137)</u>  |
| Geographical region   |  |                  |  |                  |
| Guangdong Province of the Mainland China                          | 911                                      | 77,610           | (2,685)                                  | (34,666)         |
| Taiwan  | 4,800                                    | 62,074           | (5,549)                                  | 1,672            |
| Hong Kong   | 14,179                                   | 15,579           | (7,669)                                  | (7,143)          |
|   | <u>19,890</u>                            | <u>155,263</u>   |  |                  |
| Loss from operations  |  |                  | <u>(15,903)</u>                          | <u>(40,137)</u>  |

### 4. LOSS FROM OPERATIONS

| Loss from operations has been arrived at after charging:       | For the six months ended 30th September, |               |
|--|--|---------------|
|  | 2001                                     | 2000          |
|  | HK\$'000                                 | HK\$'000      |
| Depreciation and amortisation of property, plant and equipment | <u>8,554</u>                             | <u>17,821</u> |

### 5. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group had no assessable profit for the period.

The charge in previous year represented under provision of Hong Kong Profits Tax in prior periods.

Income tax in the Mainland China (the "PRC") is calculated at the rates pursuant to the relevant laws and regulations in the PRC.



## 6. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the period of HK\$17,463,000 (2000: HK\$44,471,000) and on 1,768,212,559 (2000: weighted average of 1,379,215,597) ordinary shares in issue during the period.

No diluted loss per share amount has been presented as the effects of the potential shares in respect of warrants and share options were anti-dilutive.

## 7. INVESTMENT PROPERTIES

The directors are of the opinion that the market value of the Group's investment properties as at 30th September, 2001 is not materially different from the carrying value of the investment properties. Accordingly, no valuation movement has been recognised in respect of the Group's investment properties in the period.

## 8. TRADE AND OTHER RECEIVABLES

|                   | 30th September,<br>2001<br><i>HK\$'000</i> | 31st March,<br>2001<br><i>HK\$'000</i> |
|-------------------|--|--|
| Trade receivables | 10,507                                     | 6,878                                  |
| Other receivables | 1,121                                      | 1,636                                  |
|                   | <u>11,628</u>                              | <u>8,514</u>                           |

The Group allows an average credit period of 30 days to 120 days (2000: 30 days to 120 days) to its trade customers. The following is an aged analysis of trade receivables at the reporting date:

| Age           | 30th September,<br>2001<br><i>HK\$'000</i> | 31st March,<br>2001<br><i>HK\$'000</i> |
|---------------|--|--|
| 0 to 30 days  | 1,982                                      | 1,707                                  |
| 31 to 60 days | 1,134                                      | 1,251                                  |
| 61 to 90 days | 1,276                                      | 1,105                                  |
| over 90 days  | 6,115                                      | 2,815                                  |
|               | <u>10,507</u>                              | <u>6,878</u>                           |

## 9. TRADE AND OTHER PAYABLES

|                | <b>30th September,<br/>2001<br/>HK\$'000</b> | 31st March,<br>2001<br>HK\$'000 |
|----------------|--|---------------------------------|
| Trade payables | 10,035                                       | 8,642                           |
| Other payables | 7,458  | 7,302                           |
|                | <u>17,493</u>                                | <u>15,944</u>                   |

The following is an aged analysis of trade payables at the reporting date:

| <i>Age</i>    | <b>30th September,<br/>2001<br/>HK\$'000</b> | 31st March,<br>2001<br>HK\$'000 |
|---------------|--|---------------------------------|
| 0 to 30 days  | 1,674  | 1,199                           |
| 31 to 60 days | 476  | 552                             |
| 61 to 90 days | 1,166  | 518                             |
| over 90 days  | 6,719  | 6,373                           |
|               | <u>10,035</u>                                | <u>8,642</u>                    |

## 10. SHARE CAPITAL

Ordinary shares of HK\$0.10 each

|   | <b>Number of shares</b> | <b>Share capital<br/>HK\$'000</b> |
|---|-------------------------|-----------------------------------|
| <i>Authorised:</i>                          |                         |                                   |
| At 1st April, 2001 and 30th September, 2001 | <u>10,000,000,000</u>   | <u>1,000,000</u>                  |
| <i>Issued and fully paid:</i>               |                         |                                   |
| At 1st April, 2001 and 30th September, 2001 | <u>1,768,212,559</u>    | <u>176,821</u>                    |

## 11. RESERVES

|  | Share<br>premium<br>HK\$'000 | Asset<br>revaluation<br>reserve<br>HK\$'000 | Translation<br>reserve<br>HK\$'000 | Goodwill<br>HK\$'000 | Special<br>reserve<br>HK\$'000 | Deficit<br>HK\$'000 | Total<br>HK\$'000 |
|--|------------------------------|---|------------------------------------|----------------------|--------------------------------|---------------------|-------------------|
| At 1st April, 2000   | 49,273                       | 43,378                                      | 144                                | (2,209)              | 92,926                         | (69,743)            | 113,769           |
| Premium arising on<br>issue of shares                              | 10,934                       | —   | —                                  | —                    | —                              | —                   | 10,934            |
| Expenses incurred in<br>connection with the<br>issue of shares     | (972)                        | —   | —                                  | —                    | —                              | —                   | (972)             |
| Deficit arising on<br>revaluation                                  | —                            | (28,352)                                    | —                                  | —                    | —                              | —                   | (28,352)          |
| Realised on depreciation<br>of property, plant and<br>equipment    | —                            | (1,009)                                     | —                                  | —                    | —                              | 1,009               | —                 |
| Provision for impairment in<br>value of a vessel                   | —                            | (5,707)                                     | —                                  | —                    | —                              | —                   | (5,707)           |
| Realised on disposal<br>of subsidiaries                            | —                            | (3,469)                                     | —                                  | —                    | —                              | —                   | (3,469)           |
| Write-off of goodwill arising<br>on acquisition of<br>a subsidiary | —                            | —   | —                                  | (489)                | —                              | —                   | (489)             |
| Realised on disposal<br>of associates                              | —                            | —   | (144)                              | —                    | —                              | —                   | (144)             |
| Realised on disposal<br>of property, plant and<br>equipment        | —                            | (1,469)                                     | —                                  | —                    | —                              | 1,469               | —                 |
| Net loss for the year  | —                            | —   | —                                  | —                    | —                              | (109,590)           | (109,590)         |
| At 31st March, 2001  | 59,235                       | 3,372                                       | —                                  | (2,698)              | 92,926                         | (176,855)           | (24,020)          |
| Realised on disposal<br>of property, plant and<br>equipment        | —                            | (2,289)                                     | —                                  | —                    | —                              | 2,289               | —                 |
| Net loss for the period  | —                            | —   | —                                  | —                    | —                              | (17,463)            | (17,463)          |
| At 30th September, 2001  | <u>59,235</u>                | <u>1,083</u>                                | <u>—</u>                           | <u>(2,698)</u>       | <u>92,926</u>                  | <u>(192,029)</u>    | <u>(41,483)</u>   |

## 12. POST BALANCE SHEET EVENTS

On 29th November, 2001, the Directors proposed the capital reduction and the cancellation of share premium to the shareholders which involved (a) a reduction in the nominal value of the issued shares of HK\$0.10 each by HK\$0.09 to HK\$0.01 and (b) a cancellation of all the amount standing to the credit of the share premium account of the Company. The total credit arising from the capital reduction and the cancellation of share premium would be credited to the contributed surplus account of the Company. The contributed surplus account would be used for setting off the accumulated deficit account of the Company. Every unissued share of HK\$0.10 each would be subdivided into ten new shares of HK\$0.01 each ("Capital Reorganisation").

## **12. POST BALANCE SHEET EVENTS** *(Cont'd)*

The Directors also proposed to replace the existing share option scheme adopted on 30th September, 1997 by adoption of a new share option scheme ("New Share Option Scheme").

Details of the proposed Capital Reorganisation and adoption of the New Share Option Scheme are set out in a circular issued to the Company's shareholders dated 19th December, 2001 and approval from the shareholders in relation thereto would be sought in a special general meeting to be held on 14th January, 2002.

The Company's 2001 Warrants were expired on 30th November, 2001 pursuant to an instrument constituting the warrants in the registered form to subscribe up to HK\$29,393,898.60 for shares in the capital of the Company.

## **INTERIM DIVIDEND**

The Board of Directors does not recommend the payment of an interim dividend in respect of the six months ended 30th September, 2001 (2000: Nil).

## **BUSINESS REVIEW AND PROSPECTS**

During the period under review, the Group recorded a turnover of approximately HK\$19,890,000, representing a decline of approximately 87% compared with the previous corresponding period. Operating loss amounted to approximately HK\$15,903,000.

The significant drop of turnover and loss recorded were the result of the Group's strategy in cost cutting especially in the closure of unprofitable operations and non-productive offices in the PRC.

During the period under review, the global economic downturn had affected the Group's performance to a certain extent. However it is foreseeable that the Group's revenues from vessels charter hire and our local business in the second half of the financial year will remain stable, and the current decrease in interest rate will have a positive effect on the Group's financial position. The Group is proactive in aiming for diversification and further expansion into other strategy and potential business development.

With the PRC's successful bid to joining the World Trade Organization and hosting the Olympic Games in 2008, both of its infrastructure and business environment will be under rapid development. Under the circumstance, the Group will continue to explore new business opportunities for generating positive returns for shareholders.

## FINANCIAL RESOURCES AND LIQUIDITY

As at 30th September, 2001, the Group had total assets of HK\$189,977,000 (31st March, 2001: HK\$205,086,000) which was financed by current liabilities of HK\$46,124,000 (31st March, 2001: HK\$38,354,000), long term liabilities of HK\$8,515,000 (31st March, 2001: HK\$13,931,000) and shareholders' equity of HK\$135,338,000 (31st March, 2001: HK\$152,801,000). The current ratio was approximately 0.29 (31st March, 2001: 0.32) and the gearing ratio of the Group was 24.9% (31st March, 2001: 21.5%). The ratio has been calculated based on the total borrowing to the total shareholders' equity of the Group.

As at 30th September, 2001, the Group had pledged certain of its property, plant and equipment with an aggregate net book value of HK\$64,600,000 (31st March, 2001: HK\$68,000,000) and bank deposit of HK\$nil (31st March, 2001: HK\$684,000) to secure the credit facilities granted to the Group.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th September, 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 directors, nor any of their associates had any interest as at 30th September, 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 to subscribe for shares in the Company as follows:

| Name of directors                            | Exercise period                           | Number of share options          |                          |                                     |
|--|---|----------------------------------|--------------------------|-------------------------------------|
|  |   | Exercise price per share<br>HK\$ | Lapsed during the period | Outstanding at 30th September, 2001 |
| Lam Tak Shing                                | 29th February, 2000 — 28th February, 2010 | 0.163                            | —                        | 29,030,676                          |
|  | 27th April, 2000 — 26th April, 2010       | 0.122                            | —                        | 5,000,000                           |
| Keung Mei Wah, Jennifer<br>(former director) | 10th August, 2000 — 9th August, 2010      | 0.107                            | 15,000,000               | —                                   |
|  | 4th November, 2000 — 3rd November, 2010   | 0.100                            | 5,000,000                | —                                   |

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES** *(Cont'd)*

None of the above share options granted were exercised during the six months ended 30th September, 2001.

Save as disclosed above, at no time during the six months ended 30th September, 2001 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 30th September, 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:

| <b>Name of shareholder</b>                        | <b>Number of shares held</b> |
|---|------------------------------|
|   | <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 therefore Mr. Yeung Ka On was deemed to be interested in the 438,883,214 shares held by Dragon Point.

Save as disclosed above, the Company has not been notified of any other interests as at 30th September, 2001 representing 10% or more of the issued share capital of the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the six months ended 30th September, 2001.

## **STAFF EMPLOYMENT**

Remuneration packages are generally structured by reference to market terms and individual qualifications. Through the share option scheme established for the senior management and employees, it is intended to integrate their responsibilities, authority and benefits. The Group operates a mandatory provident fund scheme which covers all the employees of the Group.

## **CODE OF BEST PRACTICE**

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30th September, 2001 in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that non-executive Directors are not appointed for a specific term but are subject to retirement by rotation in accordance with the bye-laws of the Company.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the financial statements of the Company for the six months ended 30th September, 2001.

## **CHANGE OF BOARD OF DIRECTOR**

Ms. Keung Mei Wah, Jennifer resigned as executive director of the Company on 16th May, 2001.

By Order of the Board

**Lam Tak Shing**

*Chairman*

Hong Kong, 21st December, 2001