

Review of operations

中國物流集團有限公司(「本公司」)之董事會(「董事會」)，個別成員「董事」宣佈本公司及其附屬公司(「本集團」)截至二零零二年三月三十一日止年度之經審核綜合業績。本集團於二零零二年之虧損淨額為港幣1,395,000,000元，而二零零一年之虧損淨額則為港幣15,000,000元。

截至二零零二年三月三十一日止年度之虧損淨額之增加，主要乃由於就供熱項目、中集收購事項及應收Sharp Class International Limited(「Sharp Class」)款項分別作出港幣429,000,000元、港幣233,000,000元及港幣358,000,000元之撥備，以及有形資產減值／重估虧絀港幣233,000,000元所致。

本集團於截至二零零二年三月三十一日止財政年度錄得營業額港幣207,000,000元，較上個財政年度下跌約港幣51,000,000元。營業額下跌，主要乃由於減少營業部之業務，以及本集團並無自供熱項目收取任何收入。

The Board ("Board") of directors ("Directors" and each, a "Director") of China Logistics Group Limited ("the Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2002. The net loss of the Group for the year 2002 was HK\$1,395 million as compared with the net loss of HK\$15 million in the year 2001.

The increase in net loss for the year ended 31 March 2002 was mainly due to the provisions of HK\$429 million, HK\$233 million and HK\$358 million for the Heat Supply Project, the CNCC Acquisition, the amount due from Sharp Class International Limited ("Sharp Class") respectively and impairment/revaluation deficit of tangible assets of HK\$233 million.

The Group recorded a turnover of HK\$207 million for the financial year ended 31 March 2002, a decrease of about HK\$51 million as compared to the previous financial year. The decrease in turnover was mainly due to the reduction of the trading activities and the Group failing to receive any income under the Heat Supply Project.

業務回顧

Review of operations

本集團於本年度之經審核業績概述如下： The Group's audited results for the year are summarised as follows:

			二零零一年 四月一日至 二零零一年 九月三十日	二零零一年 十月一日至 二零零二年 三月三十一日	截至 二零零二年 三月三十一日 止年度
			1 April 2001 to 30 September 2001	1 October 2001 to 31 March 2002	Year ended 31 March 2002
	附註 Note		港幣千元 HK\$'000	港幣千元 HK\$'000	港幣千元 HK\$'000
營業額	Turnover	1	101,900	105,422	207,322
銷售成本	Cost of sales		(82,169)	(91,334)	(173,503)
毛利	Gross profit		19,731	14,088	33,819
其他收益	Other revenue		263	609	872
分銷成本	Distribution costs		(2,250)	(3,155)	(5,405)
行政費用	Administrative expenses		(26,614)	(30,526)	(57,140)
其他營運費用，淨額	Other operating expenses, net		(27,446)	(27,187)	(54,633)
有形資產之減值／ 重估虧絀	Impairment/revaluation deficit of tangible assets	2	(30,628)	(202,565)	(233,193)
無形資產減值	Impairment of intangible assets	3	(428,999)	-	(428,999)
中集收購事項撥備	Provision for CNCC Acquisition	4	(232,620)	(37)	(232,657)
呆賬撥備	Provision for doubtful debts	5	(375,238)	(16,010)	(391,248)
經營虧損	Loss from operating activities		(1,103,801)	(264,783)	(1,368,584)
融資成本	Finance costs		(8,955)	(5,117)	(14,072)
應佔聯營公司之虧損	Share of losses of associates		(5,552)	(1,428)	(6,980)
除稅前虧損	Loss before taxation		(1,118,308)	(271,328)	(1,389,636)
稅項	Taxation		(1)	(526)	(527)
未計少數股東權益虧損	Loss before minority interests		(1,118,309)	(271,854)	(1,390,163)
少數股東權益	Minority interests		(4,639)	(236)	(4,875)
股東應佔虧損淨額	Net loss attributable to shareholders		(1,122,948)	(272,090)	(1,395,038)

附註：

- 營業額主要包括彪馬產品（港幣115,000,000元）及寶潔產品（港幣46,000,000元）之銷售額，以及投資物業之租金收入（港幣15,000,000元）。
- 減值／重估虧絀包括本集團於香港及中國廣東省番禺之投資物業權益之重估賬面虧損（港幣114,000,000元），由番禺福禺房地產開發有限公司（「番禺福禺」）持有位於中國廣東省番禺之購物中心之減值（港幣42,000,000元）及位於中國廣東省番禺之發展中物業之重估虧絀及減值（港幣41,000,000元）。
- 無形資產減值指就供熱項目作出之撥備（港幣429,000,000元）。
- 中集收購事項撥備（港幣233,000,000元）指本集團就終止收購中國一個物流及分銷網絡之誠意金及相關應收款項之撥備。
- 呆賬撥備包括應收Sharp Class款項港幣358,000,000元之撥備。

本年度之上半年度及下半年度之虧損淨額分別為港幣1,123,000,000元及港幣272,000,000元。本年度上半年度錄得虧損淨額之原因已載列於截至二零零一年九月三十日止六個月之經審核中期財務報告（「經審核中期報告」）內。而本年度下半年度之虧損淨額可歸因於減值／重估虧絀港幣203,000,000元及呆賬之額外撥備港幣16,000,000元。

Notes:

- Turnover mainly comprises of sales of PUMA products (HK\$115 million), P&G products (HK\$46 million) and rental income (HK\$15 million) from investment properties.
- Impairment/revaluation deficit includes the book loss on revaluation of the Group's interest in investment properties in Hong Kong and Panyu, Guangdong, the PRC (HK\$114 million) and the impairment of a shopping complex in Panyu, Guangdong, the PRC held by Panyu Lucky Rich Real-Estates Development Limited ("Panyu Lucky") (HK\$42 million) and the loss on revaluation and impairment of property under development in Panyu, Guangdong, the PRC (HK\$41 million).
- Impairment of intangible assets represents provision for Heat Supply Project (HK\$429 million).
- Provision for CNCC Acquisition (HK\$233 million) represents provision on the earnest money and related receivables for acquisition of a logistics and distribution network in the PRC which was terminated by the Group.
- Provision for doubtful debts includes provision for receivable from Sharp Class of HK\$358 million.

The net loss for the first and second half of the year was HK\$1,123 million and HK\$272 million respectively. The factors attributable to the net loss for the first half of the year have been set out in the audited interim financial report for the 6 months ended 30 September 2001 ("Audited Interim Report"). The factors attributable to the net loss for the second half of the year were the impairment/revaluation deficit of HK\$203 million and additional provisions for doubtful debts of HK\$16 million.

截至二零零一年三月三十一日止年度 後對本集團構成影響之主要事項

1. New Era提出之清盤呈請

New Era Foundation (China) Limited (「New Era」) 於二零零一年十一月二十七日就本公司於二零零一年十一月一日未償還貸款港幣25,000,000元及拖欠利息約港幣2,600,000元向本公司提出清盤呈請(「呈請」)。呈請已於本公司悉數償還有關款項後撤銷。

2. 不尋常交易

誠如經審核中期報告所述，董事會已就若干交易進行審查，並就下列各項作出撥備：(i) 應收Sharp Class款項港幣358,000,000元；(ii) 取消中集收購事項之應收款項港幣233,000,000元；(iii) 於供熱項目投資之賬面值結餘港幣429,000,000元。該三項交易(「不尋常交易」)之詳情及董事會作出有關撥備之原因可參閱經審核中期報告。董事會已續聘德勤企業融資有限公司就應收Sharp Class款項及中集收購事項編製報告。董事會亦已續聘德勤•關黃陳方就供熱項目編製報告，有關調查仍在進行中。

Major events affecting the Group after the year ended 31 March 2001

1. Winding up petition from New Era

New Era Foundation (China) Limited (「New Era」) presented a winding up petition against the Company on 27 November 2001 (the 「Petition」) for failing to repay the loan of HK\$25 million and default interest of about HK\$2.6 million as at 1 November 2001. The Petition was withdrawn after the Company fully repaid the amount in question.

2. Irregular Transactions

As stated in the Audited Interim Report, the Board had conducted a review of a number of transactions which resulted in the provisions of (i) HK\$358 million being the amount due from Sharp Class; (ii) HK\$233 million being the amount receivable upon the cancellation of the CNCC Acquisition; (iii) HK\$429 million being the balance of the book value of the investment in the Heat Supply Project. Details of these three transactions (「Irregular Transactions」) and the reasons for the Board's decision to make the relevant provisions can be found in the Audited Interim Report. The Board has also retained Deloitte & Touche Corporate Finance Limited which prepared a report on the amount due from Sharp Class and the CNCC Acquisition. The Board has also retained Deloitte Touche Tohmatsu to prepare a report on the Heat Supply Project and the investigation is continuing.

截至二零零一年三月三十一日止年度 後對本集團構成影響之主要事項 (續)

2. 不尋常交易 (續)

本集團已採取下列步驟以促使有關人士補償該等不尋常交易對本集團造成之損失：

- 本集團於二零零二年九月在香港展開法律行動：(i)向Sharp Class追討已支付Sharp Class之港幣308,000,000元及(ii)追究批准向Sharp Class支付款項之一家附屬公司之前任行政人員盧珠江先生。法院已批准在英屬維爾京群島(「英屬維爾京群島」)向Sharp Class送達傳票，而Sharp Class就此提出抗辯之期限尚未期滿。前任行政人員正採取抗辯行動。本集團之法律顧問估計，有關聆訊將於二零零三年展開及可獲得法庭判決。
- 本集團於二零零二年十一月在香港展開法律行動：(i)向Sharp Class追討已支付Sharp Class之港幣50,000,000元及(ii)追究批准向Sharp Class支付款項之袁煒先生(前任主席)及鍾浩先生(前任執行董事及現任非執行董事)。本集團已向法院申請在英屬維爾京群島向Sharp Class送達傳票，並向另外兩名被告人提出訴訟。袁煒先生並未就有關訴訟簽發送達認收書，而鍾浩先生已表示將作出抗辯。本集團之法律顧問估計，有關聆訊將於二零零三年展開及可獲得法庭判決。

Major events affecting the Group after the year ended 31 March 2001 (Continued)

2. Irregular Transactions (Continued)

The Group has taken the following steps to pursue the relevant parties with a view to recover damages caused to the Group by the Irregular Transactions:

- The Group commenced a legal action in Hong Kong in September 2002 against (i) Sharp Class to recover HK\$308 million paid to Sharp Class and (ii) Mr. Lo Chu Kong, a former executive of a subsidiary who approved the payments to Sharp Class. The Court has approved the service of the proceedings on Sharp Class in the British Virgin Islands (“BVI”) and the time for Sharp Class to file its defence has not expired. The former executive is contesting the action. The legal advisor of the Group estimated that the Group should expect to obtain judgment against the defendants and that the trial would take place in 2003.
- The Group commenced a legal action in Hong Kong in November 2002 against (i) Sharp Class to recover HK\$50 million paid to Sharp Class and (ii) Mr. Yuen Wai (the former Chairman) and Mr. Chung Ho (formerly an executive Director and currently a non-executive Director) who approved the payment to Sharp Class. The Group has applied to the Court to serve the proceedings on Sharp Class in BVI and the proceedings have been served on the two other defendants. Mr. Yuen Wai has not acknowledged service of the proceedings while Mr. Chung Ho has indicated that he will contest the action against him. The legal advisor of the Group estimated that the Group should expect to obtain judgment against the defendants and that the trial would take place in 2003.

截至二零零一年三月三十一日止年度 後對本集團構成影響之主要事項 (續)

2. 不尋常交易 (續)

- 董事會已指示本公司之中國及香港律師就供熱項目及中集收購事項進行審查，並就追討該等交易所產生之虧損向有關人士採取一切所需之行動。本集團於二零零二年十一月在中國北京展開法律行動：(i)向華通熱能技術有限公司及(ii)向中國華通物產集團公司(「華通物產」)追討港幣40,000,000元連利息港幣1,020,000元，該金額為二零零一年供熱項目之保證收入。
- 董事已向有關監管當局就不尋常交易提報，並相信有關審查正在進行中。本集團將會繼續就該等審查與有關當局合作。

鑑於缺乏文件理據及參與不尋常交易之本集團前任行政人員之協助，董事會對有關人士所採取之行動可能因而受到影響。董事會於現階段無法估計可向有關人士追討之款額。

3. 營業部

- 「寶潔」業務已自二零零一年十月起停止運作。該部門自二零零一年四月起計首六個月之虧損淨額為港幣480,000元，乃由於邊際利潤大幅下滑所致。

Major events affecting the Group after the year ended 31 March 2001 (Continued)

2. Irregular Transactions (Continued)

- The Board has instructed the lawyers of the Company in China and Hong Kong to review the Heat Supply Project and the CNCC Acquisition and to take all necessary actions against the relevant parties to recover the loss incurred under those transactions. The Group commenced a legal action in Beijing, the PRC in November 2002 against (i) Huatong Heat Energy Technique Co., Ltd. and (ii) China Huatong Distribution and Industry Development Corporation (“China Huatong”) to recover HK\$40 million together with interest of HK\$1.02 million being the guaranteed income for the year 2001 relating to the Heat Supply Project.
- The Directors have made a report of the Irregular Transactions to the relevant regulatory agencies and believe that the inquiries are continuing. The Group has cooperated in these inquiries and will continue to do so.

The Board’s efforts to pursue the relevant parties may be hampered by the lack of documentation and assistance from the Group’s former executives who participated in the Irregular Transactions. The Board is unable at this stage to estimate the amount which can be recovered from the relevant parties.

3. Trading Division

- The P&G consumer products division ceased its operation from October 2001 onwards. The net loss for this division for the first 6 months from April 2001 was HK\$480,000 due to significant erosion of profit margin.

截至二零零一年三月三十一日止年度 後對本集團構成影響之主要事項 (續)

3. 營業部 (續)

- 彪馬身為特許人已於二零零二年五月十五日終止彪馬產品之特許協議，根據於二零零二年九月十八日訂立之和解協議，本集團同意(其中包括)於截至二零零三年三月三十一日止財政年度以分期付款方式償清未支付之專利費310,000美元。

該等業務並未達致滿意之表現，並於往年帶來龐大經營虧損。減少貿易業務將可大幅削減本集團之經營虧損。

4. 有關本公司控股權之爭議

Pan Pacific Traders Limited (「Pan Pacific」) 乃本公司之控股股東，擁有本公司約35%已發行股份，該等股份已全部抵押予荷蘭銀行香港分行(「荷蘭銀行」)。Pan Pacific為前任主席袁煒先生及董事陳智先生實益擁有之公司。本公司已於二零零二年七月二十六日收到華通物產代表律師發出之函件，聲稱華通物產為Pan Pacific所持股份之最終擁有人。有關Pan Pacific擁有權之爭議應對本集團之業務並無任何不利影響。

荷蘭銀行已與World Gain Holdings Limited (「World Gain」) 訂立協議，出售Pan Pacific所持有本公司之全部股份。

Major events affecting the Group after the year ended 31 March 2001 (Continued)

3. Trading Division (Continued)

- The licensing agreement for PUMA apparel was terminated by PUMA, the licensor, on 15 May 2002. By a settlement agreement dated 18 September 2002, the Group agreed, inter alia, to settle the outstanding royalty payments of US\$310,000 by instalments during the financial year ending 31 March 2003.

These operations have not performed satisfactorily and contributed to substantial operating losses in previous years. Reduction in the trading activities will substantially decrease the operating losses of the Group.

4. Dispute over controlling shareholding in the Company

Pan Pacific Traders Limited (「Pan Pacific」) is the controlling shareholder of the Company which owned about 35% of the issued shares in the Company, all of which were pledged to ABN AMRO BANK N.V., Hong Kong Branch (「ABN」). Pan Pacific is a company beneficially owned by Mr. Yuen Wai, the former Chairman, and Mr. Mongkon Cherloemchoedchoo (「Mr. Cher」), a Director. The Company has received a letter dated 26 July 2002 from the solicitors representing China Huatong claiming that it is the ultimate owner of the shares held by Pan Pacific. The dispute over the ownership of Pan Pacific should not have any adverse effect on the operations of the Group.

ABN has entered into an agreement with World Gain Holdings Limited (「World Gain」) to sell all the shares in the Company owned by Pan Pacific.

**截至二零零一年三月三十一日止年度
後對本集團構成影響之主要事項 (續)****5. 強制性可換股票據**

本公司已發出本金金額為港幣306,600,000元之可換股票據(「可換股票據」)，所有本金金額應已於二零零二年四月二十七日按每股港幣1.4元之發行價強制性轉換為219,000,000股本公司股份(「換股股份」)。

本公司之記錄顯示，可換股票據之持有人United City Trading Limited(「票據持有人」)乃由華通控股有限公司(「華通」)全資擁有。於進行強制性換股前，本公司收到華通發出之通知書，表示票據持有人之實益擁有權受到爭議，並要求本公司不要向票據持有人配發及發行換股股份，否則彼等將要求本公司承擔其虧損及損失。

其後，本公司於二零零二年四月二十九日收到票據持有人發出之通知書，表示票據持有人之100%實益擁有權已於二零零一年四月二十三日轉讓予Tim Trade Group Limited(華通及本公司之獨立第三方)。票據持有人已於二零零二年四月二十九日指示本公司配發及發行換股股份。

本公司已制止配發及發行換股股份，以待解決有關爭議。本公司正就其發行可換股票據之情況及可換股票據是否可強制執行之事宜尋求法律意見。迄今，本公司根據當時法律顧問所提供之意見仍未根據可換股票據配發及發行任何換股股份。

**Major events affecting the Group after the year
ended 31 March 2001 (Continued)****5. Mandatory Convertible Note**

The Company has issued a convertible note (“Convertible Note”) with a principal amount of HK\$306.6 million and the entire principal amount was to be mandatorily converted into 219,000,000 shares in the Company (“Conversion Shares”) at the issue price of HK\$1.4 each on 27 April 2002.

The records of the Company showed that United City Trading Limited (“Noteholder”), the holder of the Convertible Note, was wholly owned by Huatong Group Holdings Limited (“Huatong”). Prior to the mandatory conversion, the Company received notification from Huatong that the beneficial ownership of the Noteholder is subject to dispute and demanded the Company to withhold from allotting and issuing the Conversion Shares to the Noteholder, failing which they would hold the Company responsible for their losses and damages.

The Company was then notified on 29 April 2002 by the Noteholder that its 100% beneficial ownership has been transferred on 23 April 2001 to Tim Trade Group Limited, an independent third party to Huatong and the Company. The Noteholder has on 29 April 2002 instructed the Company to allot and issue the Conversion Shares.

The Company has withheld the allotment and issuance of the Conversion Shares pending resolution of the dispute. The Company is seeking legal advice on its position regarding the issue of the Convertible Note and whether the Convertible Note is enforceable. To date, the Company has not allotted and issued any Conversion Shares under the Convertible Note pursuant to the advice from the then legal advisors of the Company.

截至二零零一年三月三十一日止年度 後對本集團構成影響之主要事項 (續)

5. 強制性可換股票據 (續)

本公司於二零零二年十一月一日收到華通之律師通知，表示華通已於二零零二年四月二十九日向 Tim Trade Group Limited 展開訴訟，而對方亦就此提出抗辯，此外通知書更進一步要求本公司抑制向票據持有人配發及發行換股股份。

6. 董事會成員之變動

自二零零一年四月一日起，董事會成員出現重大變動。最重要為已辭任之執行董事中包括於二零零二年五月二十八日辭任之董事會主席袁煒先生。現任董事會未能於袁煒先生辭任前就不尋常交易取得其合作及解釋，且自其辭任後一直未能與其取得聯絡。

本公司於二零零二年八月十日就鍾浩先生及吳躍華先生及於二零零二年八月四日(星期日)召開之聲稱董事會會議(「聲稱董事會會議」)上獲委任之另外三名董事展開法律訴訟，以圖(其中包括)撤銷於該會議上通過之決議案。於二零零二年八月十三日，於聲稱董事會會議上獲委任之三名董事提出辭任董事職務，本公司堅持於聲稱董事會會議上獲委任之董事並未獲正式委任，並擬就因聲稱董事會會議所產生而對本公司造成之損失向鍾浩先生及吳躍華先生採取適當之行動。

Major events affecting the Group after the year ended 31 March 2001 (Continued)

5. Mandatory Convertible Note (Continued)

The Company was informed by the solicitors of Huatong on 1 November 2002 that Huatong has instituted proceedings against Tim Trade Group Limited on 29 April 2002 and the same are being contested. It also repeated the demand to the Company to withhold from allotting and issuing the Conversion Shares to the Noteholder.

6. Changes in the composition of the Board

Since 1 April 2001, there has been a substantial change in Board members. Notably, the executive Directors who resigned included Mr. Yuen Wai, the Chairman of the Board who resigned on 28 May 2002. The current Board had not been able to seek cooperation and explanation from Mr. Yuen Wai on the Irregular Transactions prior to his resignation and had not been able to locate him since his resignation.

The Company commenced legal proceedings on 10 August 2002 against Mr. Chung Ho and Mr. Wu Yuehua and three other Directors appointed at a purported board meeting held on Sunday, 4 August 2002 ("Purported Board Meeting") seeking, among others, to invalidate the resolutions passed at that meeting. On 13 August 2002, the three Directors purportedly appointed at the Purported Board Meeting tendered their resignations as Directors. The Company maintains that the Directors appointed at the Purported Board Meeting had not been validly appointed and intends to take appropriate actions against Mr. Chung Ho and Mr. Wu Yuehua in relation to damages caused to the Company arising from the Purported Board Meeting.

**截至二零零一年三月三十一日止年度
後對本集團構成影響之主要事項 (續)****6. 董事會成員之變動 (續)**

除鍾浩先生及陳智先生之外，所有現任董事均於二零零一年九月二十四日後獲委任。現任董事會於過去數月就處理不尋常交易所帶來之各種複雜事宜面對重重困難，包括缺乏文件理據及並未獲得參與該等交易之前任管理層之合作。

7. 可能進行強制性現金收購建議

本公司及中國誠通控股公司（「中國誠通」）之全資附屬公司World Gain於二零零二年十一月十五日發表聯合公佈，內容有關World Gain與荷蘭銀行訂立一項有條件協議，以向荷蘭銀行（以承按人身份）收購本公司之股份。預期有關交易將於二零零二年十二月完成，並將導致控股股東出現變動。World Gain宣佈，其將根據香港收購及合併守則就本公司股份提出可能強制性現金收購建議。預期本公司及World Gain將就有關收購建議刊發綜合文件。

8. 本公司股份在聯交所暫停買賣

本公司已向聯交所申請於二零零二年五月二十八日（即股價及成交量突然增加之日）暫停買賣股份。股份於未刊發有關股價波動資料前繼續暫停買賣。董事會擬於短期內向聯交所申請尋求恢復股份買賣。

**Major events affecting the Group after the year
ended 31 March 2001 (Continued)****6. Changes in the composition of the Board (Continued)**

Apart from Mr. Chung Ho and Mr. Cher, all the current Directors were appointed after 24 September 2001. The current Board faced tremendous difficulties over the past months to deal with the complex issues caused by the Irregular Transactions, including lack of supporting documentation and cooperation from the previous management who participated in these transactions.

7. Possible mandatory cash offer

The Company and World Gain, a wholly owned subsidiary of China Chengtong Holdings Company (“Chengtong”) jointly announced on 15 November 2002 that World Gain had entered into a conditional agreement with ABN to acquire the shares in the Company from ABN (as mortgagee). Completion of the transaction is expected to take place by December 2002 and will result in a change in controlling shareholder. World Gain announced that it will make a possible mandatory cash offer for shares in the Company under the Hong Kong Code on Takeovers and Mergers. The composite document is expected to be issued by the Company and World Gain in connection with the offer.

**8. Suspension of trading of the Company's shares on the
Stock Exchange**

The Company applied to the Stock Exchange to suspend trading of its shares on 28 May 2002 when there was a sudden increase in share price and trading volume. Trading in the shares will continue to be suspended pending the release of price sensitive information. The Board intends to apply shortly to the Stock Exchange to seek a resumption of trading of its shares.

前景

本集團現時面對前所未有之困難。種種問題均可歸因於缺乏企業管理所致。現任董事會已採取積極態度解決問題，包括(i)識別及解決主要問題，包括不尋常交易；(ii)進行節省成本及資產出售計劃以增加流動資金及減少借款；(iii)減少多年來持續錄得虧損之業務。該等措施已成功控制及／或減低虧損。

董事會預期本集團之業務將於下個財政年度逐漸恢復正常。儘管不尋常交易及其他錄得虧損之業務大幅削減本集團之資產基礎，本集團已自上個財政年度起進行資產出售計劃及精簡業務。因此，本集團已可大幅減低銀行借款及綜合負債。除一般經營虧損及出售物業權益時可能產生之虧損外，董事會預期於來年將不會出現任何重大經營虧損。

本集團之核心業務為於香港及中國進行物流及分銷、物業投資及策略性投資。董事會擬繼續從事本集團之核心業務，並僅將於有充裕之財務資源之情況下進行新投資項目。

董事會將採取步驟，藉出售若干非核心資產進一步改善財務狀況。目前，本集團正與一獨立第三方就出售於中國廣東省番禺之投資物業權益進行磋商。

本集團將繼續審閱任何回報理想之出售資產建議。

Prospects

The Group faced perhaps the most turbulent time in its history. Many of the difficulties are attributable to the deficiency of corporate governance. The current Board has adopted a proactive approach to resolve the difficulties by (i) identifying and resolving the major problem areas, including the Irregular Transactions; (ii) undertaking a cost cutting and asset disposal program to improve liquidity and reduce borrowings; (iii) reducing trading operations which incurred continuous losses over the years. These measures have been effective in containing and/or reducing the losses.

The Board expects that the Group's operations will gradually return to normal in the coming financial year. Although the Irregular Transactions and other loss making operations had made substantial erosions to the asset base of the Group, the Group embarked on an asset disposal program and streamlined its operations since the last financial year. As a result, the Group was able to substantially reduce its bank borrowings and consolidated liabilities. Apart from the normal operating losses and losses which may arise on the disposal of property interests, the Board does not expect any material operating losses for the coming year.

The core businesses of the Group are logistics and distribution, property investment and strategic investment in Hong Kong and the PRC. The Board intends to continue the core businesses of the Group and will only undertake new investments when sufficient financial resources are available.

The Board will take steps to further strengthen its balance sheet by disposal of certain non-core assets. The Group is in discussion with an independent third party for the sale of interests in investment properties in Panyu, Guangdong, the PRC.

The Group will continue to review any proposal for the sale of its assets if the return is satisfactory.

前景 (續)

本集團於二零零二年一月以港幣15,000,000元出售Success Project Investments Ltd. (該公司持有一家擁有位於中國蘇州石路國際商城之投資公司之52%權益) 之35%權益。出售所得款項已用作支付清盤呈請之部份款項。出售權益變現之賬面虧損為港幣18,000,000元。本集團可選擇於二零零二年年底之前以港幣15,000,000元連利息購回該投資權益。該購物中心之總樓面面積為40,403.65平方米。該項投資於過往為本集團帶來滿意之收入，故本集團擬選擇購回該投資權益。

中國誠通乃一家中國國有骨幹企業，擁有龐大之資產基礎及業務。其主要業務包括現代物流、金屬分銷、項目投資及資訊服務。中國誠通為中國最大型物流分銷企業之一。

World Gain擬維持本集團之現有業務活動，並於World Gain向荷蘭銀行收購本公司之控股權益後，藉著中國誠通之市場地位加強本集團之物流業務，當中可能涉及收購與本集團業務有協同效益之業務及／或資產。董事會迄今仍未有物色到任何合適之收購目標。本公司日後進行之任何收購事項均須遵照上市規則之條文規定。

董事會相信倘中國誠通成為本公司之最終控股股東，本集團定可取得中國誠通之財政及業務上之支持，並可藉著中國誠通之協助帶來重大協同效益。董事會有信心，本集團將可憑藉中國誠通之雄厚財力及專業知識獲益。

Prospects (Continued)

The Group disposed of its 35% interest in Success Project Investments Ltd. which holds 52% interest in an investment company which owns Shilu International Shopping Centre in Suzhou, the PRC in January 2002 for HK\$15 million. The sale proceeds were used for part settlement of the Petition. The disposal realised a book loss of HK\$18 million. The Group has an option to repurchase the investment interest before the end of year 2002 at HK\$15 million plus interest. The shopping centre has a gross floor area of 40,403.65 square meters. The investment has generated satisfactory income for the Group in the past. It is the Group's intention to exercise the option.

Chengtong is a state-owned pillar enterprise in China with substantial asset base and business operation. Its principal business includes modern logistics, metal distribution, project investment and information services. Chengtong is one of the largest logistics distribution enterprises in China.

On completion of the acquisition of controlling interests in the Company by World Gain from ABN, it is the intention of World Gain to maintain the existing business activities of the Group and to strengthen the logistics business of the Group by taking advantage of the market position of Chengtong. This may involve the acquisition of business and/or assets that have synergy with the Group's operations. The Board has yet to identify any suitable acquisition target. Any future acquisition by the Company will be subject to the provisions of the Listing Rules.

The Board believes that once Chengtong becomes the ultimate controlling shareholder of the Company, the Group can expect financial and business support from Chengtong and considerable synergy can be generated by the association with Chengtong. The Board is confident that the Group would benefit from the financial strength and expertise of Chengtong.

資本負債比率

於二零零二年三月三十一日，本集團按銀行貸款總額、信託票據貸款及其他貸款約港幣209,522,000元及總資產約港幣555,663,000元為基準計算之資本負債比率為0.38。

資產抵押

於二零零二年三月三十一日，本集團賬面總值約為港幣173,529,000元之投資物業、港幣10,614,000元之發展中物業、港幣50,722,000元之租賃土地及樓宇，以及港幣23,940,000元之廠房及機器，已抵押作為本集團借款及銀行融資之抵押品。

或然負債

於二零零二年三月三十一日，本集團就法律索償之估計最高或然負債為港幣4,844,000元。

流動資金及資金資源

於二零零二年三月三十一日，本集團之流動資產及流動負債分別為港幣46,000,000元及港幣276,000,000元（二零零一年：分別為港幣716,000,000元及港幣263,000,000元）。本集團於二零零二年三月三十一日之現金及銀行結存（包括已抵押銀行存款）約達港幣3,000,000元（二零零一年：約港幣14,000,000元）。

Gearing Ratio

As at 31 March 2002, the Group's gearing ratio calculated on the basis of total bank loans, trust receipt loans and other loans of approximately HK\$209,522,000 and total assets of approximately HK\$555,663,000 was 0.38.

Pledge of Assets

As at 31 March 2002, the Group's investment properties, property under development, leasehold land and buildings, and plant and machinery with aggregate carrying value of approximately HK\$173,529,000, HK\$10,614,000, HK\$50,722,000 and HK\$23,940,000, respectively, have been pledged as securities for the Group's borrowings and banking facilities.

Contingent Liability

As at 31 March 2002, the Group's estimated maximum contingent liability in respect of a legal claim was HK\$4,844,000.

Liquidity and capital resources

As at 31 March 2002, the Group had current assets and current liabilities of HK\$46 million and HK\$276 million respectively (2001: HK\$716 million and HK\$263 million, respectively). The Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK\$3 million as at 31 March 2002 (2001: approximately HK\$14 million).

流動資金及資金資源 (續)

於二零零二年三月三十一日，本集團合共有港幣136,000,000元(二零零一年：港幣129,000,000元)之銀行貸款，並以本集團擁有之若干物業作為抵押品。本集團亦有其他貸款港幣70,000,000元(二零零一年：無)，其中港幣15,000,000元每年10厘利息，並以Goodwill (Overseas) Limited之32%股權(由本公司一家全資附屬公司持有)，以及其他應收款項港幣11,700,000元作為抵押。其餘其他貸款為無抵押及免息。

本公司於截至二零零二年三月三十一日止年度並無額外發行任何股份，惟袁煒先生(於回顧年度內為董事)及一名僱員根據本公司之僱員購股權計劃按認購價港幣0.1491元分別行使購股權以認購6,500,000股股份及350,000股股份。

財務政策

本集團之業務活動乃透過銀行借貸、有抵押貸款及自經營業務所得之現金提供資金。本集團認為，由於外匯風險相對於其總資產或尚未償還債務之風險較為輕微，故匯率及市場價格波動對本集團並不構成重大風險。

人力資源

於二零零二年三月三十一日，本集團共有約614名僱員，其中62名受僱於香港，552名受僱於國內。員工薪酬乃根據其職責性質釐定，並按目前市場趨勢以保持競爭力。於回顧年度內，本公司並無根據僱員購股權計劃授出任何購股權。

Liquidity and capital resources (Continued)

As at 31 March 2002, the Group had in aggregate HK\$136 million (2001: HK\$129 million) bank borrowings secured on certain properties owned by the Group. The Group had other loans of HK\$70 million (2001: Nil), of which HK\$15 million carries interest at 10% per annum and is secured against a 32% shareholding in Goodwill (Overseas) Limited (held by a Company's wholly owned subsidiary), and other receivable of HK\$11,700,000. The remaining other loans are unsecured and interest-free.

The Company has not issued any additional shares during the year ended 31 March 2002 except that Mr. Yuen Wai, who was a Director during the year under review, and an employee exercised options for 6,500,000 Shares and 350,000 Shares, respectively, at the subscription price of HK\$0.1491 under the Company's employee share option scheme.

Treasury policies

The business activities of the Group were funded by bank borrowings, secured loans and cash generated from operating activities. The Group considers that fluctuations in exchange rates and market prices do not impose a significant risk to the Group since the level of foreign currency exposure is relatively immaterial as compared with its total assets value or outstanding debts.

Human Resources

As at 31 March 2002, the Group employed a total of about 614 employees, of which 62 were based in Hong Kong and 552 in the PRC. Employees' remunerations are determined in accordance with nature of their duties and remain competitive under current market trend. During the year under review, no option has been granted pursuant to the Company's employee share option scheme.