

A close-up photograph of a hand holding a dark wooden chess piece, possibly a king or queen, over a chessboard. The chessboard has alternating light and dark squares. In the foreground, a yellow chess piece is visible, slightly out of focus. The background is blurred, showing more of the chessboard and other pieces.

Flexible Strategy to Capture the Business
Potential from Growth and Development
of Energy-related Businesses

運作靈活策略，利用能源相關業務之
增長及發展發揮業務潛力

Management DISCUSSION AND ANALYSIS

管理層討論及分析

Review of Financial Results and Operations

For the year ended 31 March 2003, the Group recorded a consolidated turnover of approximately HK\$136.2 million, compared with HK\$258.3 million for the year ended 31 March 2002. Net loss for the year was approximately HK\$113.2 million, representing a significant improvement compared to net loss of HK\$459.0 million in the previous year.

During the current year, the Group's building material business in Hong Kong still facing difficult operating environment in view of the local economic recession, high unemployment rate and sluggish property market. The Group has, after careful consideration, scaled down its non-performing operation in Hong Kong during the year. Despite the unfavorable performance in the local market, the Group's business in the United States still manages to progress well. Sales to Home Depot, a reputable home products retailer in the United States, amounted to approximately HK\$49.8 million for the year, represented a 73% increase compared with prior year.

With a view to improve its financial position and to face the challenges of the existing operating environment, the Group has undertaken a series of measures including the fund raising exercises, exploration of new business opportunities and implementation of control and procedures to enhance cost competitiveness and operational efficiency during the year. Following the completion of the subscription and placing as described in the section headed "Capital Structure, Liquidity and Financial Resources" below, the Group has been actively seeking suitable energy-related or other investment projects with good business potential, to strive to bring in high quality revenue and cash flow stream to the Group. As at the date of this annual report ("Annual Report"), the acquisitions have not yet completed and details of which are set out in the section headed "Material Acquisitions and Disposals".

Capital Structure, Liquidity and Financial Resources

On 4 June 2002, the Company entered into a subscription agreement with the subscriber to subscribe for 20,000,000,000 shares in the Company at an issue price of HK\$0.01 per share ("Subscription") and a placing agreement for placing of 25,000,000,000 shares in the Company at HK\$0.01 per share on a best efforts basis ("Placing"). The Subscription and the Placing were completed on 20 September 2002 with total net proceeds of approximately HK\$441.6 million.

財務業績及經營回顧

截至二零零三年三月三十一日止年度，本集團錄得綜合營業額約136,200,000港元，而截至二零零二年三月三十一日止年度為258,300,000港元。本年度之虧損淨額約為113,200,000港元，較上年度虧損淨額459,000,000港元有大幅改善。

於本年度，由於香港經濟衰退、失業率高企及物業市場疲弱，本集團於香港之建材業務仍面臨艱困經營環境。經審慎考慮後，本集團於年內已縮減其香港未能獲利之業務。雖然本地市場表現不濟，但本集團於美國之業務仍然造好。於本年度，本集團銷售至美國著名家居產品零售商Home Depot之銷售額約達49,800,000港元，較去年增加73%。

為改善財務狀況及面對現有營運環境之挑戰，本集團於年內採取一系列措施，以提升成本競爭力及經營效率，其中包括籌集資金、開拓新商機以及實施控制程序。於下文「資本架構、流動資金及財務資源」一節所述之認購及配售事項完成後，本集團一直積極物色具良好業務發展潛力之合適能源相關項目或其他投資項目，竭力為本集團取得豐厚之收益及現金流量。於本年報（「年報」）發表日期，本集團尚未完成收購，有關收購詳情載於「重大收購及出售事宜」一節。

資本架構、流動資金及財務資源

於二零零二年六月四日，本公司與認購人訂立一份認購協議，藉以按每股0.01港元之發行價認購20,000,000,000股本公司股份（「認購」），同時亦訂立一份配售協議，藉以按每股0.01港元之價格盡力配售25,000,000,000股本公司股份（「配售」）。認購及配售已於二零零二年九月二十日完成，所得之款項淨額合共約為441,600,000港元。

As at 31 March 2003, total borrowings of the Group amounted to approximately HK\$223.3 million, representing a decrease of HK\$50.2 million as compared with the total borrowings of HK\$273.5 million as at 31 March 2002. All these borrowings are repayable within one year and interest bearing of which approximately HK\$92.3 million carried fixed interest rate of 9.8% per annum and approximately HK\$131.0 million carried floating interest rates.

Gearing ratio which is expressed as a ratio of total liabilities and minority interests to shareholders' funds was approximately 2.5 as at 31 March 2003. No calculation of gearing ratio as at 31 March 2002 has been made as the shareholders' funds were negative as at 31 March 2002.

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. Borrowings were mainly denominated in Renminbi, United States dollars and Hong Kong dollars, while cash and cash equivalents were mainly held in Hong Kong dollars and United States dollars. Given the exchange rate of these currencies are fairly stable, the Group has not adopted any material hedging measures since exchange rate fluctuations had no significant impact on the Group during the year under review.

As disclosed in the annual report of the Company for the year ended 31 March 2002 and the interim report for the six months ended 30 September 2002, repayment of the unsecured convertible loan of outstanding principal sum of approximately US\$11.9 million advanced from an independent third party to a subsidiary of the Company is repayable on demand due to default in repayment of certain part of the convertible loan by the Group in prior years. Details of the above transactions were disclosed in the announcement of the Company dated 18 February 2002. The conversion option to convert the convertible loan and the accrued interest into fully paid ordinary shares of the Company lapsed on 25 June 2003 but all other rights attaching to the convertible loan continue to subsist.

Material Acquisitions and Disposals

Acquisition of Beijing Gas

On 1 June 2003, the Company's indirect wholly owned subsidiary, Dong Fang Gas (China) Limited, entered into a conditional agreement for the acquisition of 73% interest in Top Power Holdings Limited ("Top Power") at a consideration of HK\$80.0 million. ("Beijing Gas Acquisition")

截至二零零三年三月三十一日，本集團之借貸總額約達223,300,000港元，較二零零二年三月三十一日之借貸總額273,500,000港元，減少50,200,000港元。所有該等借貸均屬計息且須於一年內償還，其中約92,300,000港元按定息計息，年息為9.8%，而約131,000,000港元按浮動息率計息。

資產負債比率（即負債總額及少數股東權益相對於股東資金之比率）截至二零零三年三月三十一日約為2.5。截至二零零二年三月三十一日由於股東基金為負數，故並無計算二零零二年三月三十一日之資產負債比率。

本集團大部分業務交易、資產及負債均以港幣及人民幣列值。借貸主要以人民幣、美元及港幣列值，而現金及現金等價物則主要以港幣及美元列值。鑑於該等貨幣之滙率相當穩定，於回顧年度內滙率波動對本集團並無造成任何重大影響，故本集團並無採納任何重大對沖措施。

誠如本公司截至二零零二年三月三十一日止年度之年報及截至二零零二年九月三十日止六個月之中期報告所披露，本公司之一間附屬公司獲獨立第三方墊付一筆無抵押可換股貸款，該筆款項之未償還本金金額約為11,900,000美元，由於本集團於過往年度未能償還可換股貸款之若干部分，故此該筆貸款須於接獲要求時償還。上述交易之詳情已於二零零二年二月十八日本公司公佈中披露。將可換股貸款及應計利息兌換為本公司繳足股款普通股之換股權已於二零零三年六月二十五日失效，惟可換股貸款所附帶之其他權利將繼續有效。

重大收購及出售事宜

收購北京燃氣

於二零零三年六月一日，本公司之間接全資附屬公司Dong Fang Gas (China) Limited訂立一份有條件協議，藉以按80,000,000港元之代價，收購Top Power Holdings Limited（「Top Power」）之73%權益（「北京燃氣收購」）。



Top Power is an investment holding company incorporated in the British Virgin Islands and owns 70% equity interest in Beijing Continental Gas Co. Ltd. ("Beijing Gas"). Beijing Gas is a sino-foreign equity joint venture engaged in the business of natural gas supply, storage and related services.

Further details of the Beijing Gas Acquisition are set out in the Company's announcement and circular dated 5 June 2003 and 26 June 2003 respectively. As at the date of this Annual Report, the Beijing Gas Acquisition has not yet completed.

Acquisition of Nanning City Gas

As disclosed in the Company's announcement and circular dated 13 November 2002 and 4 December 2002 respectively, China Crystal Investment Ltd. ("China Crystal"), an indirect wholly-owned subsidiary of the Company, entered into an agreement ("Nanning Acquisition Agreement") on 8 November 2002 to acquire 30.87% attributable interest in Nanning City Gas ("Nanning Acquisition").

The Company further announced on 2 January 2003 that there have been certain disputes between the vendor and China Crystal relating to the satisfaction of the conditions of Nanning Acquisition Agreement. As at the date of this Annual Report, the Nanning Acquisition has not yet completed. Further announcement shall be made as and when necessary.

Disposal of Skynet (International Group) Holdings Limited

Pursuant to a conditional subscription agreement dated 5 March 2003 ("Subscription Agreement") entered into between BCD (Holdings) Limited ("Newco"), Skynet (International Group) Holdings Limited ("Skynet") and Monetary Success Investments Limited ("Subscriber"), the parties thereto agreed to the implementation of a scheme of arrangement ("Scheme") under section 99 of the Companies Act 1981 of Bermuda between Skynet and its shareholders and the Subscriber agreed, among others, to subscribe for and acquire a total of 4,000,000,000 shares in the capital of Newco ("Newco Shares") or such number of new Newco Shares as shall represent not less than 97% of the enlarged issued share capital of Newco (after taking into account the number of Newco Shares to be issued and allotted to shareholders of Skynet pursuant to the Scheme and the Newco Shares to be issued and allotted to the Subscriber pursuant to the Subscription Agreement (but before conversion of certain convertible loan notes to be issued by Newco) upon completion of, inter alia, the Scheme and the subscription.

Top Power乃於英屬處女群島註冊成立之投資控股公司，擁有北京大陸燃氣有限公司（「北京燃氣」）之70%股權。北京燃氣乃一間中外合資經營企業，從事天然氣供應、儲存及有關服務之業務。

有關北京燃氣收購之進一步詳情載於本公司分別於二零零三年六月五日及二零零三年六月二十六日發表之公佈及通函內。於本年報發表日期，北京燃氣收購尚未完成。

收購南寧燃氣

誠如本公司於二零零二年十一月十三日發表之公佈及二零零二年十二月四日刊發之通函所披露，於二零零二年十一月八日，本公司之間接全資附屬公司China Crystal Investment Ltd.（「China Crystal」）訂立一份協議（「南寧收購協議」），收購南寧燃氣之30.87%應佔權益（「南寧收購」）。

於二零零三年一月二日，本公司進一步公佈，表示賣方與China Crystal之間就南寧收購協議各項條件之達成產生若干爭議。於本年報發表日期，南寧收購尚未完成。本公司將於必要時作進一步公佈。

出售天網（國際集團）有限公司

根據BCD (Holdings) Limited（「新公司」）、天網（國際集團）有限公司（「天網」）及Monetary Success Investments Limited（「認購人」）於二零零三年三月五日訂立之有條件認購協議（「認購協議」），訂約各方同意根據百慕達一九八一年公司法第99條在天網及其股東之間實施一項安排計劃（「該計劃」），而認購人同意（其中包括）認購及收購新公司股本中合共4,000,000,000股股份（「新公司股份」）或佔（其中包括）該計劃及認購完成後新公司經擴大已發行股本（經計及根據該計劃將發行及配發予天網股東之新公司股份及根據認購協議將發行及配發予認購人之新公司股份後（但未計新公司將予發行之若干可換股貸款票據之轉換前）不少於97%之新公司股份。

Upon the Scheme becoming effective and its implementation, (i) Newco will become the ultimate holding company of Skynet, and the listing of shares of Skynet would be withdrawn and Newco Shares would be listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") by way of introduction; and (ii) shareholders of Skynet will become shareholders of Newco and will receive Newco Shares in exchange for shares in Skynet on the basis of one Newco Share for every forty shares of Skynet held (subject to such other ratio as might be agreed by Skynet and the Subscriber provided that the existing shareholders of Skynet will hold approximately 3% of the enlarged issued share capital of Newco upon completion of, among others, the Scheme and the subscription.)

Supplemental agreement was entered into between parties involved in the Subscription Agreement for extension of the long stop date of the conditions of the Subscription Agreement from 30 June 2003 to 22 September 2003. Completion of the Subscription Agreement, which is subject to fulfillment of certain conditions as set out therein, has not taken place as at the date of this Annual Report.

Disposal of Subsidiaries

During the year, Companion Building Material (Holdings) Limited ("CBM"), a wholly-owned subsidiary of the Company, entered into several sale and purchase agreements and deed of assignments with third parties pursuant to which CBM disposed of the entire issued share capital of seven wholly-owned subsidiaries and the shareholders' loans due from such subsidiaries to the third party at a total consideration of approximately HK\$28.4 million.

Pledge of Assets

As at 31 March 2003, the Group has pledged certain land and buildings, motor vehicles, plant and machinery with an aggregate carrying value of approximately HK\$96.7 million (31 March 2002: HK\$110.8 million) and time deposits of approximately HK\$26.6 million (31 March 2002: HK\$Nil) to secure the banking facilities granted to the Group.

The Group has also pledged certain trade receivables with an aggregate carrying value of approximately HK\$14.3 million (31 March 2002: HK\$Nil) and properties held for sale with an aggregate carrying value of approximately HK\$6.5 million (31 March 2002: HK\$Nil) to secure the banking facilities granted to the Group.

該計劃生效及實施後，(i)新公司將成為天網之最終控股公司，天網股份將撤銷上市地位，而新公司股份將以介紹方式在香港聯合交易所有限公司（「聯交所」）上市；及(ii)天網股東將成為新公司之股東並將以天網股份作為交換獲發新公司股份，所按基準為每持有四十股天網股份可獲發一股新公司股份（亦可為天網及認購人可能議定之其他比率，惟前提是天網之現行股東將持有（其中包括）該計劃及認購完成後新公司經擴大已發行股本約3%）。

認購協議有關各方已簽訂補充協議，將達成認購協議所載條件之最後截止日期由二零零三年六月三十日延遲至二零零三年九月二十二日。認購協議須待該協議所載之若干條件獲達成後方為完成，且截至本年報發表日期仍未完成。

出售附屬公司

於本年度，本公司之全資附屬公司友聯建築材料（集團）有限公司（「友聯建材」）與第三方訂立多項買賣協議及轉讓契據，據此，友聯建材向第三方出售七間全資附屬公司之全部已發行股本及應收該等附屬公司之股東貸款，總代價約為28,400,000港元。

資產抵押

截至二零零三年三月三十一日，本集團已抵押總賬面值約96,700,000港元（二零零二年三月三十一日：110,800,000港元）之若干土地及樓宇、汽車、廠房及機器及約26,600,000港元（二零零二年三月三十一日：零港元）之定期存款，以取得本集團獲授之銀行融資。

本集團亦已抵押若干總賬面值約14,300,000港元（二零零二年三月三十一日：零港元）之應收貿易賬款及總賬面值約6,500,000港元（二零零二年三月三十一日：零港元）之持作出售用途之物業，以取得本集團獲授之銀行融資。

Besides, the Group has pledged certain investments in securities with market value of approximately HK\$16.5 million (31 March 2002: HK\$17.3 million) to secure amount due to a trade creditor of approximately HK\$21.5 million (31 March 2002: HK\$21.5 million).

Contingent Liabilities

As at 31 March 2003, the Group's contingent liabilities were approximately HK\$10.3 million, representing corporate guarantee given to bankers in respect of banking facilities utilized by an associate ("Corporate Guarantee for Associate"). As at 31 March 2002, the Group's contingent liabilities were approximately HK\$15.0 million, representing Corporate Guarantee for Associate of approximately HK\$10.3 million, other corporate guarantee in lieu of utility deposit of approximately HK\$0.5 million and unprovided interests on overdue loan of approximately HK\$4.2 million.

Employees and Remuneration Policies

As at 31 March 2003, the Group employed approximately 480 staff. The Group's remuneration policies are in line with prevailing industry practices and formulated on the basis of performance and experience of the employees and will be reviewed regularly. The Group also provided staff comprehensive benefits including medical insurance and training programmes.

The share option scheme of the Company adopted pursuant to a resolution passed on 13 October 1998 and became effective on 24 December 1999 was terminated on 17 March 2003 and replaced by a new share option scheme being approved and adopted on the same date. The new share option scheme is valid and effective for a period of ten years from the date of adoption.

此外，本集團已抵押若干市值約為16,500,000港元之證券市場投資（二零零二年三月三十一日：17,300,000港元），以取得欠一貿易債權人之款項約為21,500,000港元（二零零二年三月三十一日：21,500,000港元）。

或然負債

截至二零零三年三月三十一日，本集團之或然負債約為10,300,000港元，為有關一間聯營公司動用之銀行融資而向銀行作出之公司擔保（「為聯營公司作出之公司擔保」）。截至二零零二年三月三十一日，本集團之或然負債約為15,000,000港元，包括約10,300,000港元為聯營公司作出之公司擔保，其他代替公用事業保證金約500,000港元之公司擔保及約4,200,000港元之未撥備過期貸款利息。

員工及薪酬政策

截至二零零三年三月三十一日，本集團之僱員總數約為480人。本集團之薪酬政策乃參照現時行業慣例及根據僱員之表現及經驗釐定，並會定期檢討。本集團亦向員工提供綜合福利，包括醫療保險及培訓計劃。

本公司根據於一九九八年十月十三日通過之決議案獲採納並於一九九九年十二月二十四日生效之購股權計劃，已於二零零三年三月十七日終止，由在同一日期獲通過及採納之新購股權計劃取代。新購股權計劃自獲採納當日起生效，有效期十年。