

REVIEW OF OPERATIONS



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Global China Technology Group Limited (the “Company”) was formerly known as Perfect Treasure Holdings Limited. Luckman Trading Limited (“Luckman”), a company wholly owned by Mr. Ho Tsu Kwok, Charles, the Chairman of the Company, had successfully acquired a 54.92% stake in Perfect Treasure Holdings Limited on 20 July 2000.

For the year ended 31 March 2001, the Company announced a number of significant acquisitions and joint ventures, which have established solid foundations for the Company and its subsidiaries (together the “Group”) to bring strong and sustainable returns in the years ahead.

The Group’s principal activities are now in Broadband Technology and Service, Media and Information Services, Education and Corporate Training, Financial Services and Trading. Trading operations carried over from Perfect Treasure Holdings Limited continued to provide steady revenue during the period.

FINANCIAL REVIEW

Turnover and Results

For the year ended 31 March 2001, the Group’s consolidated turnover was approximately HK\$486 million, a decrease of approximately 18.6% compared with the corresponding period last year. Approximately 42% (HK\$204 million) of the turnover was derived from Sing Tao Holdings Limited (“Sing Tao”), a subsidiary which was acquired by the Group on 31 January 2001. The majority of the turnover from Sing Tao came from circulation and advertising incomes from newspapers “Sing Tao Daily” and “Hong Kong iMail” and from rendering of printing services. Turnover from the Group’s other operations accounted for the remaining 58% (HK\$282 million). These included principally trading of photographic products.

業務回顧

泛華科技集團有限公司(「本公司」)前稱栢寶集團有限公司。於二零零零年七月二十日，本公司主席何柱國先生全資擁有的 Luckman Trading Limited(「Luckman」)成功收購栢寶集團有限公司 54.92% 股權。

截至二零零一年三月三十一日止年度，本公司曾宣佈多項重要收購行動及合營事宜，為本公司及其附屬公司(統稱「本集團」)奠下穩健良基，以期於來年為股東帶來豐厚及持續回報。

本集團目前主要從事寬頻技術及服務、傳媒及資訊服務、教育及企業培訓、金融服務以及貿易之業務。從栢寶集團有限公司轉歸本公司旗下之貿易業務繼續於期內為本集團帶來穩定收益。

財務回顧

營業額及業績

於截至二零零一年三月三十一日止年度，本集團綜合營業額約為 4.86 億港元，相對上年度同期下降約 18.6%，其中約 42% 的營業額 (2.04 億港元) 乃源自 Sing Tao Holdings Limited(「星島」)，星島為本集團於二零零一年一月三十一日收購之附屬公司。星島之收入大部份乃從《星島日報》及《Hong Kong iMail》兩份報章之出版及廣告收入以及提供印刷服務所得。來自本集團其他業務之收入佔營業額餘下 58% (2.82 億港元)。業務主要為買賣攝影器材。

For the year under review, the Group recorded a net loss of approximately HK\$94 million, an increase of approximately 2% over last year. Approximately 13.6% of the net loss was attributed to the two months operating loss of Sing Tao absorbed by the Group since the takeover of Sing Tao at the end of January 2001. The loss was mainly due to the increase in operating costs including newsprint cost and staff costs.

The Group's other operations accounted for 86.4% of the net loss. This was mainly due to a number of provisions on the investments made prior to Luckman becoming the controlling shareholder in July 2000. These included HK\$35 million net loss on changes in fair value of short term investments, HK\$10.7 million of provision for loss on disposal of a property in Shantou, HK\$18 million provision against investment in an unconsolidated subsidiary and HK\$4.5 million loss on disposing a 74.5% stake in a subsidiary.

Liquidity and Financial Resources

The Group's financial position remains healthy. As of 31 March 2001, the Group had net cash of approximately HK\$295 million. The strong financial standing allows the Group to fund on-going operations and investment projects, which will deliver long-term returns and create strong synergies to core businesses.

Subsequent to the year-end, the Group completed the following transactions, which brought an additional HK\$127.9 million cash to the Group.

- On 12 June 2001, the Group sold 31,576,000 Sing Tao Ordinary Shares at HK\$1.65 each to independent third parties which brought approximately HK\$52 million to the Group.

於回顧年度內，本集團錄得虧損淨額約94,000,000港元，較上年度上升約2%，其中約13.6%虧損淨額乃源自本集團在二零零一年一月底收購星島後，星島在該兩個月所錄得之經營虧損。星島業務虧損主要由於經營成本上升（如新聞紙成本及員工成本）所致。

本集團其他業務佔其餘86.4%的虧損淨額。主要原因是本集團需就 Luckman 在二零零零年七月成為控股股東前之投資作出多項撥備所致，其中包括短期投資公允值變動帶來之虧損淨額35,000,000港元、出售汕頭一項物業之虧損撥備10,700,000港元、於一間未有作合併賬處理之附屬公司之投資撥備18,000,000港元以及出售一間附屬公司74.5%股權之虧損4,500,000港元。

流動資金及財務資源

本集團之財務狀況仍然穩健。於二零零一年三月三十一日，本集團有淨現金約2.95億港元。本集團財務實力雄厚，足以為持續經營業務及日後投資項目提供源源不絕資金，不僅可為股東帶來長遠回報，亦能為其核心業務締造強大協力優勢。

於結算日後，本集團完成了下列各項交易，為本集團帶來1.279億港元之額外現金。

- 於二零零一年六月十二日，本集團向獨立第三者出售31,576,000股星島普通股，每股作價1.65港元，為本集團帶來約52,000,000港元。

- On 20 June 2001, Luckman exercised the conversion right attached to the Convertible Preference Shares (“Preference Shares”) to convert 132,000,000 Preference Shares into Ordinary Shares of the Company. This raised approximately HK\$75.9 million for the Company.

BUSINESS REVIEW

Broadband Technology and Service

The Company entered into a joint venture agreement with Sanlian Group and China Shandong Group in September 2000 to establish Beelink Information Science and Technology Co., Ltd., in which the Group holds a 40% stake while Sanlian Group and China Shandong Group hold 50% and 10%, respectively. The joint venture is actively developing advanced broadband technology and multimedia content services in the Shandong province, China.

Beelink is one of the first broadband access network infrastructure providers in China with Gigabit transmission and routing backbone. As at 30 June 2001, Beelink had over 8,500 broadband subscribers in Jinan (the provincial capital in Shandong), representing over 60% of the city’s broadband Internet users, of which corporate users account for over 50%.

To accommodate customer demand, Beelink has been installing new ports and laying new fibre conduits in Jinan. In May 2001, the joint venture established a partnership with Cisco Networks to deploy its latest Gigabit routers and switches to build a state-of-the-art IP network in Jinan, which will build a solid foundation to enable Beelink to extend its broadband network to other cities in the province.

In addition to its broadband access service, Beelink also provides comprehensive IT consulting services including system integration, system solution, software development and customization. Customers include government departments, universities and financial institutions. The consulting business has been generating steady income in the period under review.

- 於二零零一年六月二十日，Luckman 行使可換股優先股（「優先股」）隨附之換股權，將 132,000,000 股優先股轉換為本公司普通股，此舉為本公司帶來約 75,900,000 港元。

業務回顧

寬頻技術及服務

於二零零零年九月，本公司與三聯集團及華魯集團訂立合營協議，攜手成立百靈訊息科技有限公司，本集團持有其 40% 股權，而三聯集團及華魯集團則分別持有其 50% 及 10% 股權。該合營企業主要在中國山東省一帶積極開發先進寬頻技術及提供多媒體內容服務。

百靈為國內首批附設十億位元傳送及路由主幹之寬頻接入網絡基建供應商之一。於二零零一年六月三十日，百靈在濟南市（山東省內首都）擁有超過 8,500 名寬頻用戶，佔城市寬頻互聯網用戶逾 60%，其中過半數為公司用戶。

為迎合客戶要求，百靈已於濟南市加設新連接埠及鋪設全新光纖管道。於二零零一年五月，該合營企業與 Cisco Networks 達成合作關係，利用其最新十億位元路由器及轉換器，在濟南市裝設一個嶄新先進之 IP 網絡，此舉將有助百靈建立穩固基礎，將其寬頻網絡擴展至省內其他城市。

除寬頻接入服務外，百靈亦為客戶提供一應俱全之資訊科技諮詢服務，包括系統整合、系統解決方案，並為客戶開發及專設各類軟件。百靈之客戶計有政府部門、大學及財務機構。在回顧期內，諮詢業務收入平穩。

The portal Beelink.com has introduced the broadband version with video-on-demand, online education and online stock trading features. Steady incomes are coming from these broadband multimedia services. Other upcoming developments, which run on Beelink's advanced IP architecture include real-time stock report/analysis and online tax reporting. The Group is confident that Beelink will bring satisfying long-term returns with the steady and sustainable growth in Internet usage in the Shandong province.

Media and Information Services

Sing Tao Holdings

The Group's acquisition of Sing Tao at HK\$1.65 per share was completed on 31 January 2001 and following which, the Group's shareholding in Sing Tao was increased to 82% subsequent to a general offer made to Sing Tao's public shareholders. On 12 June 2001, the Group disposed 31,576,000 Sing Tao shares to independent third parties and it now owns a 74.5% stake in Sing Tao. The principal activities of Sing Tao are newspaper publishing and commercial printing. The acquisition has established our foothold in the media and information services sector, Sing Tao will become the Group's flagship business in this core area.

For the period under review, the total revenue of Hong Kong advertising business slightly decreased by approximately 2% compared with prior year. Advertising revenue for "Sing Tao Daily" and "Hong Kong iMail" rose steadily in the first half of the financial year 2001 but suffered significant reduction since October 2000 due to the slowing down of Hong Kong economy. Property related advertising was particularly weak.

Both "Sing Tao Daily" and "Hong Kong iMail" have started a resources allocation programme to streamline editorial and production work flow. Related non-editorial workforce was reduced by 32% in the year and further cost savings are expected as a result of technology upgrade planned for second half of the financial year 2002.

入門網站百靈訊息網 (Beelink.com) 備有多項寬頻特色服務，包括收費電影、網上教育及網上股份交易。源自該等寬頻多媒體服務之收入穩定。本公司日後透過百靈之先進 IP 基礎設施推出之其他項目包括即時股份報價／分析及網上報稅。本集團深信，隨著山東省之互聯網使用量持續穩健增長，百靈定可為集團創造令人滿意之長遠回報。

傳媒及資訊服務

星島集團

於二零零一年一月三十一日，本集團完成收購星島，每股作價 1.65 港元。在本集團向星島之公眾股東提出全面收購建議後，本集團在星島之股權增至 82%。於二零零一年六月十二日，本集團向獨立第三者出售共 31,576,000 股星島股份，本集團現時擁有星島 74.5% 股權。星島主要從事之業務包括報章發行及商業印刷業務。是項收購行動成為本集團打入傳媒及資訊服務領域之基石，而星島將會成為本集團在核心業務之旗艦。

於回顧期內，香港廣告業務之總收益較去年輕微下降約 2%。《星島日報》及《Hong Kong iMail》之廣告收益於二零零一財政年度上半年平穩上升，惟自二零零零年十月起由於香港經濟放緩以至廣告收益亦隨之顯著下滑，尤以物業相關廣告收益更見疲弱。

《星島日報》及《Hong Kong iMail》已同時開展了一項資源調配計劃，藉以精簡編輯及生產人手。年內，《星島日報》及《Hong Kong iMail》共削減了 32% 非編輯人手，並料二零零二財政年度下半年在提升技術設備計劃之幫助下，可再進一步節省集團成本。

Cost of newsprint, a major cost item in the newspaper publishing business, saw significant price increment of 37% throughout the financial year 2001. This had considerable impact on the Company's business. However, prices have started to fall in the last quarter of the financial year 2001 which will bring positive impacts on the operating profit in the coming year.

Unlike many other media businesses, Sing Tao had embarked on a more realistic Internet strategy over the last 2 years. The Internet edition of "Sing Tao Daily" and "Hong Kong iMail" have improved within well-controlled expenditure budget.

Overseas newspaper business made steady improvement in circulation and advertising revenue during the year, resulting in higher operating profit.

The commercial printing operations continued to enjoy good business from both the Hong Kong and US markets. Operating profit also increased as a result of tighter cost control.

The Group will leverage on Sing Tao's strong brand, information database and extensive overseas distribution channels to transform the business into a global Chinese-language multimedia company. Within Hong Kong, the Group's aim is to develop new products and re-establish Sing Tao's leadership position as a media company. Overseas, the Group will capitalize on Sing Tao's strong brand equity in Chinese communities to explore new markets and further enhance its distribution network.

Xinhuaonline

In January 2001, the Group entered into a joint venture agreement to establish Xinhua Online Info-tech Company Limited ("XOL") with the China Economic Information Service ("CEIS"), a subsidiary of Xinhua News Agency, to provide value-added China business information and market intelligence to the Mainland and overseas customers. It is intended that XOL (www.xinhuaonline.com) will become the authoritative information service provider in this fast-growing business area, especially with China's imminent entry into the WTO.

新聞紙乃報章發行業務主要成本之一。於二零零一財政年度，新聞紙價格大幅上漲37%，對本公司之業務亦造成一定影響，尤幸紙價自二零零一財政年度第四季已漸見回落，令來年度之經營溢利得以重拾升軌。

與其他大多數傳媒公司不同，星島於過去兩年已致力著手推行一個更切實際之互聯網策略。《星島日報》及《Hong Kong iMail》網上版在控制得宜之開支預算下已有所改善。

於本年度內，海外報章業務無論在發行及廣告收益兩方面均穩步上揚，從而帶動經營溢利攀升。

商業印刷業務在香港及美國兩地市場之表現續見理想。嚴謹之成本控制措施亦令經營溢利得以上升。

憑藉星島日報之知名品牌、豐富資料庫以及強大之海外分銷渠道，本集團定可將業務轉型，成為一間環球中文多媒體公司。展望未來，本集團之目標是在香港積極開發新產品，並全力將星島重新定位為一間具領導地位之傳媒公司。至於海外市場方面，本集團將充分掌握星島在華人社群內之品牌威力，進一步開發新市場，以壯大其分銷網絡。

新華在線

於二零零一年一月，本集團與新華社一間附屬公司中國經濟信息社（「經濟信息社」）訂立一項合營協議，成立新華在線信息技術有限公司（「新華在線」），為國內外客戶提供增值中國業務資訊及市場消息。預期新華在線（www.xinhuaonline.com）將在瞬息萬變之資訊市場中，成為最權威之資訊服務供應商，尤其是中國加入世貿在即，料新華在線應可在芸芸對手中脫穎而出。

Under the agreement, the Group owns a 55% stake of the joint venture and CEIS owns the remaining 45%. The Group will initially invest approximately RMB55 million to start the operations. With the extensive database of the Xinhua News Agency and by employing multimedia technologies, XOL will provide, in stages, bilingual in-depth business intelligence and analytical reports in both print and electronic formats such as CD-ROM and network database. In addition, XOL will co-operate with leading Mainland education and research institutions to publish research and reports on topical issues regularly. An exclusive agreement with The University of International Business and Economics has already been forged to jointly develop in-depth analysis on WTO. The first phase of XOL service in Chinese has been officially launched in mid-July 2001.

The Sing Tao acquisition and the XOL project have laid the foundation for the Group's InfoHub development. InfoHub is designed to aggregate content from a wide range of sources and in a wide range of formats. The content will then be integrated, managed, repackaged and disseminated to Chinese communities around the world. The Group believes this business will enjoy rewarding long-term returns and position the Group on the forefront of the information age.

EDUCATION AND CORPORATE TRAINING, FINANCIAL SERVICES

For the period under review the Group made solid progress in the two core businesses — Broadband Technology and Service and Media and Information Services. In the coming year, the Group will pursue vigorously the target of expanding into other sectors, including Education and Corporate Training as well as Financial Services. This will allow the Group to take a further step in achieving its goal in becoming a leading multimedia content and service provider. An announcement shall be made as soon as the time is appropriate.

根據該協議，本集團擁有該合營企業 55% 股權，而經濟信息社則擁有其餘 45% 股權。本集團將會初步注資約人民幣 55,000,000 元開展業務。新華在線利用新華社龐大之資料庫再配合多媒體技術，逐步為客戶提供中英雙語、精闢獨到之市場消息及分析報告(同時備有印刷及電子數據版本，如唯讀光碟及網絡資料庫)。與此同時，新華在線亦將與國內享負盛名之教育及研究機構合作，定期就特定議題進行研究和發表報告。新華在線已經與對外經濟貿易大學達成一份獨家協議，攜手就世貿組織展開深入透徹之分析。新華在線首期中文服務已於二零零一年七月中正式推出。

收購星島之行動及新華在線項目已為本集團資訊樞紐(InfoHub)之發展奠下良基。資訊樞紐是專為彙集各種不同類型及形式之資訊內容而設，有關內容將於彙集後綜合、整理、重新編輯並發佈予世界各地華人社群。本集團深信，此項業務將可令集團得享可觀之長遠回報，而本集團亦可藉此作好充分準備，成為資訊科技年代之先鋒。

教育及企業培訓、金融服務

於回顧期內，本集團兩項核心業務——寬頻技術及服務以及傳媒及資訊服務成績驕人。來年，本集團將繼續不遺餘力物色開發其他領域之商機，包括教育及企業培訓以至金融服務範疇。此舉可引領本集團朝著既定之目標再邁進一大步，成為具領導地位之多媒體內容及服務供應商。本公司將於時機成熟時盡早發表有關公佈。

VENTURING INTO SOFTWARE DEVELOPMENT

On 21 June 2001, the Group entered into a joint venture agreement to invest RMB13 million for a 20% stake in Liancheng Hudong Software Co. Ltd. (“Liancheng Hudong”). Liancheng Hudong is a leading and also one of the first Customer Relationship Management (“CRM”) software providers in Zhong Guan Cun, Beijing, China.

“MyCRM”, Liancheng Hudong’s premier product, is designed for China’s small-to-medium sized enterprises with a staff force of 20–200. Its software architecture is component-based and consists of modules in the following areas: customer management, sales management, service management and database marketing. The Group believes MyCRM will ride the wave of China’s Enterprise Informization process in the next five-year plan set out by the government and complement the Group’s other businesses.

TRADING DIVISION

After the takeover of the Company by Luckman on 20 July 2000, the new Board of Directors of the Company continued the trading operations as one of the businesses of the Group. There was a reallocation of resources to focus on higher profit margin products such as distribution of Nikon photographic products in China.

During the period under review, the trading division recorded satisfactory results. Turnover and operating profit from trading of Nikon photographic products were comparable to previous year and brought in positive contribution and cash flows to the Group. To further increase the product market share, the Group carried out an intensive marketing campaign in China. Four representative offices will be set up in Beijing, Shanghai, Chengdu and Guangzhou to facilitate a better coordination between the trading division and its distributors/retailers and end users in China. Subsequent to year-end, the relevant government authorities had approved the establishment of representative offices in Shanghai and Chengdu.

投入軟件開發業務

於二零零一年六月二十一日，本集團就注資人民幣13,000,000元購入聯成互動軟件有限公司（「聯成互動」）20%股權一事訂立一項合營協議。聯成互動為中國北京中關村一間具領導地位，且獲譽為客戶關係管理軟件供應商的先驅之一。

聯成互動重點產品「MyCRM」是專為國內中小型企業（即員工人數介乎20至200人之公司）而設。此軟件設計以組件式為主，由下列不同單元組成：客戶管理、銷售管理、服務管理及數據庫之市場推廣。本集團相信，在政府已制定未來五年有關中國企業邁向資訊化計劃中，「MyCRM」將可乘勢掘起，而本集團其他業務亦當可從中受惠。

貿易業務

繼 Luckman 於二零零零年七月二十日收購本公司後，本公司新任董事會決定繼續以貿易業務作為本集團其中一項業務。此外，本集團亦重新調配資源加強毛利較高產品之銷售，例如尼康攝影器材產品在國內之分銷。

於回顧期內，貿易業務部不負眾望，表現令人滿意。源自買賣尼康攝影器材產品之營業額及經營溢利與上年度不遑多讓，為本集團帶來一定之貢獻及現金流量。本集團亦在中國推行了一項密集式市場推廣策略，另計劃於北京、上海、成都及廣州設立代表辦事處，以加強貿易業務部與其國內分銷商／零售商以至最終用戶之聯繫。於結算日後，有關政府機關已批准本集團於上海及成都設立代表辦事處。