

1. PRINCIPAL ACCOUNTING POLICIES**(a) Basis of preparation**

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention as modified by the revaluation of certain properties and investments.

(b) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 March each year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of the voting power or issued share capital or controls the composition of the board of directors.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision, if necessary, for any diminution in value other than temporary in nature. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

On the disposal of investments in subsidiaries, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

1. PRINCIPAL ACCOUNTING POLICIES (continued)**(d) Associates**

Associates are those, other than subsidiaries, in which the Group has a long term equity interest and has the ability to exercise significant influence in their management.

The Group's share of post acquisition profits or losses of associates are included in the consolidated profit and loss account. The Group's share of the net assets, after adjustment of post acquisition charges, plus any goodwill not yet written off or amortised are included in the consolidated balance sheet.

Results of the associates are accounted for by the Company on the basis of dividends received and receivable. The Company's interests in associates are stated at cost less provision for diminution in value other than temporary in nature.

(e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation of fixed assets is calculated to write off their cost on a straight line basis over their expected useful lives to the Group. The principal annual rates used for this purpose are as follows:

Marine vessels	12½%
Containers	10%
Leasehold improvements	20%
Furniture and equipment	10 – 20%
Motor vehicles	20 – 30%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

1. PRINCIPAL ACCOUNTING POLICIES (continued)**(f) Assets under leases***(i) Finance leases*

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance lease. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or lease periods.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to profit and loss account on a straight-line basis over the lease term.

(g) Convertible debts

Convertible debts are stated at the aggregate of net proceeds from the issue plus finance costs allocated less payments made to the debts holders.

The net proceeds represent the amount received on the issue of the debts after deduction of direct issuing costs.

The finance costs and direct issuing costs are amortised to the profit and loss account on a straight line basis over the terms of the debts.

In the event that the debts are converted, the amount recognised in respect of the shares issued upon conversion is the principal amount at which the liability of the debts is stated as at the date of conversion.

1. PRINCIPAL ACCOUNTING POLICIES (continued)**(h) Investment securities**

Investment securities are securities which are intended to be held on a continuing basis, and which are held for an identified long term purpose documented at the time of acquisition or change of purpose and are clearly identifiable for the documented purpose. Investment securities are included in the balance sheet at cost less provision for diminution in values other than temporary in nature. When a decline other than temporary has occurred, the carrying amount of such securities should be reduced to its fair value. The amount of the reduction is recognised as an expense in the profit and loss account.

(i) Inventories

Inventories comprising goods for resale are stated at the lower of cost and net realisable value. Cost is calculated on the first in first out basis by reference to invoiced value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(j) Properties for sale

Properties for sale are stated at the lower of cost and net realisable value which is determined by reference to prevailing market prices, on an individual property basis. No depreciation is provided for properties for sale.

(k) Accounts receivable

Provision is made against accounts receivable to the extent which they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(l) Deferred taxation

Deferred taxation is accounted for at the current tax rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(m) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transactions dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

1. PRINCIPAL ACCOUNTING POLICIES (continued)**(m) Translation of foreign currencies (continued)**

The accounts of overseas subsidiaries are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising are dealt with as a movement in reserve.

(n) Revenue

- (i) Revenue from the sale of properties is recognised when the relevant sale and purchase agreement becomes legally binding and unconditional.
- (ii) Revenue from the rendering of freight forwarding services is recognised when the risk of transaction is substantially transferred, which generally coincides with the date of departure for outward freight and the date of arrival for inward freight.
- (iii) Revenue from the rendering of logistics services is recognised when the service is rendered.
- (iv) Revenue from the rendering of consultancy, maintenance, web application and information technology related services is recognised when the service is rendered, or pro-rata over the life of the agreement, where appropriate and corresponding to notional delivery of the service.
- (v) Revenue from property broking and marketing services is recognised when the relevant agreement becomes unconditional or irrevocable.
- (vi) Rental income and interest income are recognised on a time proportion basis.
- (vii) Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership which generally coincides with the time when the goods are delivered to customers and the title has passed.
- (viii) Revenue from the provision of catering services is recognised when the relevant service is performed.
- (ix) Insurance agency fee income is recognised on accrual basis when the related insurance contract is accepted by the insurer.

1. PRINCIPAL ACCOUNTING POLICIES (continued)**(o) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(p) Retirement benefit costs

The Group's contribution to the retirement schemes are expensed as incurred.

2. REVENUES AND TURNOVER

The Group is principally engaged in the provision of air and sea freight forwarding services, property agency services, logistics services and property investment. Revenues recognised during the year are as follows:

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
Turnover		
Sales and leasing of properties	11,961	53,545
Freight forwarding, shipping and logistics services	139,700	1,435
Property and household services	2,503	3,099
Information technology investments and related services	2,358	—
Sales of goods	4,614	—
Financial services	3,427	—
Others	<u>780</u>	<u>—</u>
	<u>165,343</u>	<u>58,079</u>
Other revenues		
Dividend income	344	—
Interest income	2,353	1,143
Others	<u>1,979</u>	<u>1,166</u>
	<u>4,676</u>	<u>2,309</u>
Total revenues	<u>170,019</u>	<u>60,388</u>

3. SEGMENTAL INFORMATION

The Group's turnover and contribution to operating loss for the year ended 31 March 2001, analysed by principal activities and geographical locations are as follows:

	Turnover		Contribution to operating loss	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
By principal activities				
Sale and leasing of properties	11,961	53,545	1,641	14,606
Freight forwarding, shipping and logistics services	139,700	1,435	40,937	8,775
Property and household services	2,503	3,099	21,760	2,109
Information technology investments and related services	2,358	—	131,813	—
Sales of goods	4,614	—	4,428	—
Financial services	3,427	—	3,546	—
Others	780	—	3,920	—
	<u>165,343</u>	<u>58,079</u>	<u>208,045</u>	<u>25,490</u>
By geographical locations				
North America	2,931	—	506	—
South America	82	—	14	—
Europe	1,598	—	276	—
The People's Republic of China				
— Hong Kong	104,456	17,797	185,166	16,477
— Mainland China	39,736	9,107	19,226	4,720
Asia Pacific	16,525	29,751	2,854	4,210
Others	15	1,424	3	83
	<u>165,343</u>	<u>58,079</u>	<u>208,045</u>	<u>25,490</u>

4. OTHER (CHARGES)/INCOME

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
Waiver of debts	8,928	26,905
Provision for bad and doubtful debts	(26,404)	(1,943)
Gain on disposal of associates	—	889
Gain/(loss) on disposal of subsidiaries	6,607	(1,011)
Loss on disposal and write off of fixed assets	(3,571)	(450)
Net realised loss on disposal of investment securities	(2,157)	—
Impairment loss on investment securities	(90,830)	—
Provision for diminution in value of properties for sale	(780)	—
	<u>(108,207)</u>	<u>24,390</u>

5. OPERATING LOSS

The operating loss is stated after crediting and charging the following and other charges and income in note 4:

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
Crediting:		
Interest income	2,353	1,143
Gross rental income from properties	934	2,798
Less: Outgoings	353	360
Net rental income from properties	581	2,438
Net exchange gain	191	456
Charging:		
Auditors' remuneration		
— current year	798	478
— underprovision in prior year	185	—
Depreciation of owned fixed assets	1,481	171
Depreciation of fixed assets held under finance leases	3,880	—
Operating lease rentals in respect of land and buildings	5,528	1,601
Operating lease rentals in respect of plant and machinery	387	257
Amortisation of issuing costs of convertible debts	—	836
Financial restructuring costs	—	2,123
Staff costs excluding directors' emoluments	42,243	7,159

6. FINANCE COSTS

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	1,102	10,291
Interest on other loans	2,155	2,743
Finance lease charges	1,021	354
Interest on convertible debts	598	4,671
	<u>4,876</u>	<u>18,059</u>

7. TAXATION

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
Hong Kong profits tax		
— Under-provision in previous years	2,521	156
Overseas taxation	18	71
Share of taxation attributable to associates	2	—
Transferred from deferred taxation account (<i>note 26</i>)	—	(220)
	<u>2,541</u>	<u>7</u>

Hong Kong profits tax has been provided for at the rate of 16% (2000: Nil) on the estimated assessable profit arising in Hong Kong during the year for the Group and the associates.

The under-provision in previous years represented additional tax charged for AWT World Transport (Far East) Limited, a wholly-owned subsidiary of the Company, for additional assessment for 1994/95, as detailed under “Contingent liabilities” in note 36.

Overseas taxation was provided on the profits of the overseas subsidiaries and branches in accordance with the tax laws of the countries in which these subsidiaries and branches operate.

No provision for deferred taxation has been made in the accounts as the effect of timing differences is not material to the Group.

8. LOSS ATTRIBUTABLE TO THE SHAREHOLDERS

Of the Group's loss attributable to the shareholders of HK\$201,657,000 (2000: HK\$43,562,000), a loss of HK\$328,211,000 (2000: HK\$54,644,000) including provision for bad debts on amounts due from subsidiaries for a total amount of HK\$269,813,000 (2000: HK\$36,576,000) and provision of diminution in value of investment of HK\$4,000,000 has been dealt with in the Company's own accounts.

9. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2001 HK\$'000	2000 HK\$'000
Loss		
Net loss for the year	201,657	43,562
Dividend for preference shares	<u>776</u>	<u>—</u>
Loss for the purpose of basic loss per share	<u>202,433</u>	<u>43,562</u>
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	10,872,009,615	2,833,813,991
Loss per share		
Basic	<u>1.86 cents</u>	<u>1.54 cents</u>

Diluted loss per share for the year has not been presented as the effect of any dilution is anti-dilutive.

10. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 March 2001 (2000: nil).

11. RETIREMENT BENEFIT COST

The Group did not provide retirement benefits for its employees in Hong Kong before 1 December 2000. With effect from 1 December 2000, a mandatory provident fund scheme (the “MPF Scheme”) has been set up for all eligible employees of the Group in Hong Kong.

The Group’s contributions are at 5% of the employee’s relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to maximum of HK\$1,000 per employee per month. The employees also contribute a corresponding amount to the MPF Scheme from 31 December 2000 if their relevant income is more than HK\$4,000 per month. The contributions of the MPF Scheme are fully and immediately vested in the employees as accrued benefits once they are repaid. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The Group’s contributions to the MPF scheme charged to the profit to loss account during the year amounted to HK\$527,000 (2000: nil).

12. DIRECTORS’ AND SENIOR MANAGEMENT’S EMOLUMENTS

- (a) The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	<u>Group</u>	
	2001	2000
	HK\$’000	HK\$’000
Fees		
Executive	—	—
Non-executive	—	360
	—	360
Other emoluments of executive directors:		
Basic salaries, housing allowances, other allowances and benefits in kind	19,153	14,398
Discretionary bonuses	—	2,132
Retirement scheme contributions	28	—
	<u>19,181</u>	<u>16,890</u>

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

In addition to the directors' emoluments disclosed above, during the year, 500,000,000 options were granted to the directors for the time being under the share option scheme adopted by the Company on 13 August 1998. Each of the options entitled the holders to subscribe for one ordinary share of HK\$0.01 each in the Company at an exercise price of HK\$0.046 per share at any time during the period from 6 September 2000 to 4 June 2003. During the year, no options were exercised by the directors. Out of 500,000,000 options granted during the year, 50,000,000 options has lapsed on 2 April 2001 as they were not exercised within 6 months from the date of resignation of a director.

- (b) The number of directors whose emoluments fell within the following bands is as follows:

HK\$	Number of directors	
	2001	2000
Nil – 1,000,000	7	5
1,000,001 – 1,500,000	—	1
1,500,001 – 2,000,000	2	1
4,500,001 – 5,000,000	—	1
6,000,001 – 6,500,000	2	—
7,000,001 – 7,500,000	—	1
	11	9

No directors have waived or agreed to waive any emolument in respect of the years ended 31 March 2001 and 2000.

The five individuals whose emoluments were the highest in the Group for the year and in prior year were all directors and their emoluments are reflected in the analysis presented above.

During the year, no emoluments have been paid by the Group to the directors as an inducement to join the Group, or as compensation for loss of office.

13. FIXED ASSETS

	Group					Total HK\$'000
	Marine vessels HK\$'000	Containers HK\$'000	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	
Cost						
Brought forward	—	—	142	613	236	991
Exchange adjustment	—	—	—	(30)	—	(30)
Acquisition of subsidiaries	—	—	108	2,723	718	3,549
Additions at cost	11,700	37,547	2,882	5,084	2,364	59,577
Disposals/write off	—	—	(1,260)	(2,684)	(361)	(4,305)
Disposal of subsidiaries	(11,700)	(37,547)	(150)	(1,332)	—	(50,729)
Carried forward	—	—	1,722	4,374	2,957	9,053
Aggregate depreciation						
Brought forward	—	—	60	390	221	671
Exchange adjustment	—	—	—	(6)	—	(6)
Acquisition of subsidiaries	—	—	16	131	34	181
Charge for the year	1,097	2,018	533	1,076	637	5,361
Write back	—	—	(184)	(237)	(9)	(430)
Disposal of subsidiaries	(1,097)	(2,018)	(13)	(129)	—	(3,257)
Carried forward	—	—	412	1,225	883	2,520
Net book value						
As at 31 March 2001	—	—	1,310	3,149	2,074	6,533
As at 31 March 2000	—	—	82	223	15	320

As at 31 March 2001, the net book value of fixed assets held by the Group under finance lease amounted to HK\$1,959,000.

13. FIXED ASSETS (continued)

	Company			Total HK\$'000
	Office equipment HK\$'000	Leasehold improvements HK\$'000	Furniture and fixture HK\$'000	
Cost				
Brought forward	24	—	—	24
Additions at cost	<u>665</u>	<u>392</u>	<u>43</u>	<u>1,100</u>
Carried forward	<u>689</u>	<u>392</u>	<u>43</u>	<u>1,124</u>
Aggregate depreciation				
Brought forward	1	—	—	1
Charge for the year	<u>118</u>	<u>40</u>	<u>5</u>	<u>163</u>
Carried forward	<u>119</u>	<u>40</u>	<u>5</u>	<u>164</u>
Net book value				
As at 31 March 2001	<u>570</u>	<u>352</u>	<u>38</u>	<u>960</u>
As at 31 March 2000	<u>23</u>	<u>—</u>	<u>—</u>	<u>23</u>

14. INTERESTS IN ASSOCIATES

	Group	
	2001 HK\$'000	2000 HK\$'000
Share of net assets other than goodwill	199	—
Amounts due from associates	<u>411</u>	<u>—</u>
	<u>610</u>	<u>—</u>

14. INTERESTS IN ASSOCIATES (continued)

Details of the Group's associates at 31 March 2001 are as follows:

<u>Name of associates</u>	<u>Place of incorporation and operation</u>	<u>Issued and fully paid up capital</u>	<u>Effective interest held</u>	<u>Nature of business</u>
401 Decca Limited	Hong Kong	HK\$2	50%	Dormant
Active Water Technology Company Limited	Hong Kong	HK\$2,010,000	24%	Exclusive distributor of water purifier
Kinwood Company Limited	Hong Kong	HK\$33,333	24%	Exclusive manufacturer and licensee distributor of LA Gear products
L. A. Resources Limited	Hong Kong	HK\$10,000,000	18%	Dormant
				<u>Company</u>
				2001 2000
				HK\$'000 HK\$'000
Amounts due from associates			<u>157</u>	<u>—</u>

Amounts due from associates are unsecured, interest free and not repayable within twelve months from the balance sheet date.

15. SUBSIDIARIES

	<i>Notes</i>	<u>Company</u>	
		2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	(a)	23,706	19,706
Amounts due from subsidiaries	(b)	<u>864,809</u>	<u>600,437</u>
		888,515	620,143
Less: Provision		<u>(888,378)</u>	<u>(614,923)</u>
		<u>137</u>	<u>5,220</u>

Notes:

- (a) Details of the principal subsidiaries are set out in note 39.
- (b) Amounts due from subsidiaries are unsecured, interest free and not repayable within twelve months from the balance sheet date.

16. INVESTMENT SECURITIES

	<u>Group</u>	
	2001 HK\$'000	2000 HK\$'000
Listed investments in Hong Kong, at cost	—	6,141
Unlisted investments, at cost	<u>129,453</u>	<u>17,086</u>
	129,453	23,227
Less: Impairment	<u>(107,916)</u>	<u>(17,086)</u>
	<u>21,537</u>	<u>6,141</u>
Market value of listed investments at the balance sheet date	<u>—</u>	<u>5,600</u>

17. PROPERTIES FOR SALE

As at 31 March 2001, properties for sale that are carried at net realisable value amounted to HK\$3,620,000 (2000: HK\$11,027,000).

18. INVENTORIES

As at 31 March 2001, no inventories were stated at net realisable value (2000: Nil).

19. ACCOUNTS RECEIVABLE

The following is an aged analysis of accounts receivable at the balance sheet date:

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
0–3 months	1,763	1,105
4–6 months	307	—
7–9 months	177	—
Over 9 months	<u>481</u>	<u>5,001</u>
	<u>2,728</u>	<u>6,106</u>

The Group maintains defined credit policies for the respective businesses and trade debtors are closely monitored in order to control credit risk associated with trade receivables.

20. ACCOUNTS PAYABLE

The following is an aged analysis of accounts payable at the balance sheet date:

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
0–3 months	1,195	424
4–6 months	359	—
7–9 months	24	—
Over 9 months	<u>6,232</u>	<u>6,007</u>
	<u>7,810</u>	<u>6,431</u>

21. OBLIGATIONS UNDER FINANCE LEASES

	<u>Group</u>	
	2001 HK\$'000	2000 HK\$'000
Repayable:		
Within one year	972	1,128
In the second to fifth years inclusive	<u>590</u>	<u>—</u>
	1,562	1,128
Amount due within one year, included under current liabilities	<u>972</u>	<u>1,128</u>
	<u>590</u>	<u>—</u>

22. BANK LOANS

	<u>Group</u>		<u>Company</u>	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Bank loans — secured (i)	—	10,624	—	10,624
Bank loans — unsecured	<u>—</u>	<u>892</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>11,516</u>	<u>—</u>	<u>10,624</u>

Notes:

- (i) The bank loans were secured by properties for sale of the Group (see note 33 for details).
- (ii) All bank loans were repayable within one year.

23. CONVERTIBLE DEBTS

	<u>Group and Company</u>	
	2001 HK\$'000	2000 HK\$'000
Aggregate principal amount		
— convertible bonds	<u>18,190</u>	<u>13,740</u>

The principal terms of the Company's convertible bonds outstanding as at year end date are set out below:

Date of issue	<u>Convertible bonds</u>			
	21 February 2000	23 March 2000	29 April 2000	29 December 2000
Aggregate principal amount (HK\$)	2,640,000*	2,850,000*	2,700,000*	10,000,000 [#]
Coupon rate	4%	4%	4%	Prime rate+2%
Initial conversion price (HK\$)	0.022	0.022	0.022	0.016
Adjusted conversion price (HK\$)	0.0205	0.0205	0.0203	N/A
Conversion period	any time after issue	any time after issue	any time after issue	any time after issue
Collaterals	certain properties of the Group	certain properties of the Group	—	—
Maturity date	21 February 2003	23 March 2003	25 January 2003	29 December 2002

The bond holders are entitled to convert all or part of the bond at their respective initial/adjusted conversion prices, subject to limits set out in the respective bond agreements, into ordinary shares of the Company which rank pari passu in all respects with the ordinary shares in issue on the relevant conversion dates.

* The Company has the right, having given notices to the bond holders, to redeem all or part of the bonds together with interest accrued to the date of redemption.

The Company has the right, having given notices to each of the bond holders, to redeem all but not part of the respective bonds together with interest accrued to the date of redemption.

24. SHARE CAPITAL

	2001 HK\$'000	2000 HK\$'000
<i>Authorised:</i>		
28,500,000,000 ordinary shares of HK\$0.01 each	285,000	285,000
1,500,000,000 convertible preference shares of HK\$0.01 each	<u>15,000</u>	<u>15,000</u>
	<u>300,000</u>	<u>300,000</u>
<i>Issued and fully paid:</i>		
12,842,539,825 (2000: 8,608,448,195) ordinary shares of HK\$0.01 each	128,425	86,084
708,908,975 (2000: 708,908,975) convertible preference shares of HK\$0.01 each	<u>7,089</u>	<u>7,089</u>
	<u>135,514</u>	<u>93,173</u>

Details of the changes in the Company's share capital during the year ended 31 March 2001 are as follows:

- (a) On 7 April 2000 and 14 April 2000, a total of 129,545,454 new ordinary shares were issued to Honorworld Limited, a convertible bond holder, upon the full conversion of the convertible bond with the principal amount of HK\$2,850,000 at a conversion price of HK\$0.022.
- (b) On 2 May 2000 and 3 May 2000, a total of 123,853,211 new ordinary shares were issued to Arotea International Limited, a convertible bond holder, upon the full conversion of the convertible bond with the principal amount of HK\$2,700,000 at a conversion price of HK\$0.0218.
- (c) Pursuant to an agreement entered into by the Company and NetShowBiz (Asia) Limited (now renamed as NSB International Limited, "NSB") on 29 February 2000 in relation to the subscription of 200 shares in NSB by AWT Cyber Investment Group Limited, a wholly-owned subsidiary of the Company, the Company issued 97,500,000 new ordinary shares at a price of HK\$0.2 each to NSB on 3 May 2000.

24. SHARE CAPITAL (continued)

- (d) Pursuant to an agreement entered into by Cybersystem Co., Ltd., Etronet.com Ltd. (collectively the “Vendors”) and AWT Data Management Group Limited (“ADM”), a wholly-owned subsidiary of the Company, on 23 February 2000 in relation to the acquisition of 60% of the issued share capital of Cyberoffice Limited by ADM, the Company issued an aggregate of 66,666,666 new ordinary shares at a price of HK\$0.315 each to the Vendors on 3 May 2000.
- (e) On 16 May 2000, 222,222,223 new ordinary shares at an issue price of HK\$0.135 (the “Price”) each were issued to not less than 6 independent places with Kingston Securities Limited, Kingsway SW Securities Limited and e2-Capital Limited as the placing agents and underwriters of the Company (the “Placing Agents”) pursuant to a placing and underwriting agreement entered into by the Company and the Placing Agents on 6 April 2000. The Price represented (i) a discount of approximately 14.6% to the closing price of HK\$0.158 per share as quoted on the Stock Exchange on 30 March 2000, being the last trading day before the issue of the announcement of this transaction; and (ii) a discount of approximately 10% over the average closing price of approximately HK\$0.150 per share for the last ten full trading days immediately before the issue of announcement. The net proceeds of the placing of approximately HK\$27.3 millions together with the balance of approximately HK\$2.7 million from the internal resources of the Company were used to purchase 850,000 ordinary shares of the property portal! Limited.
- (f) On 16 May 2000 and 13 June 2000, an aggregate of 803,648,501 new ordinary shares at an issued price of HK\$0.022 each were issued to 6 creditors of the Group for the settlement of a certain portion of the outstanding debts owing to these creditors pursuant to the settlement agreements entered into between the Group and the creditors on 14 April 2000.
- (g) On 20 June 2000, an aggregate of 128,818,467 new ordinary shares at an issued price of HK\$0.20 each were issued to 4 creditors of the Group for settlement of a certain portion of the outstanding debts owing to these creditors pursuant to the settlement agreements entered into between the Group and the creditors on 26 May 2000.
- (h) Pursuant to a sale and purchase agreement entered into by New Mileage Limited, Mr. Po Kam Hi, John (collectively the “Vendors”) and the Company on 9 May 2000 in relation to the acquisition of 60% of the issued share capital of Total Logistics Services Limited by AWT Logistics Group Limited, a wholly-owned subsidiary of the Company, the Company issued 100,000,000 new ordinary shares at an issued price of HK\$0.15 each to the Vendors on 28 July 2000.

24. SHARE CAPITAL (continued)

- (i) On 28 July 2000, 279,931,622 new ordinary shares at HK\$0.135 each were issued to Wired Technology Consultants Group Limited, Unicrown Limited, Cyber Exposures limited, Galaxy Luck Enterprises Limited, Newsino Limited and Denwell Enterprises Limited (collectively the “Vendors”) pursuant to an agreement entered into by the Company and the Vendors on 3 April 2000 in relation to the acquisition of 850,000 ordinary shares by AWT Cyber Investment Group Limited, a wholly-owned subsidiary of the Company, in the capital of the property portal! Limited.
- (j) Pursuant to a settlement agreement and a subscription agreement (collectively the “Agreements”) entered into by the Group and the Bank of East Asia, Limited (“BEA”) on 12 November 1999, 21,905,486 new ordinary shares at an issued price of HK\$0.051 each were issued on 10 August 2000 to Arotea International Limited, the assignee of BEA, for the full and final settlement of all obligations of the Group under the Agreements.
- (k) On 18 August 2000, 200,000,000 new ordinary shares in the Company at an issued price of HK\$0.1 each were issued to NSB International Limited (“NSB”) pursuant to an agreement entered into by the Company and NSB on 27 July 2000 in relation to the further subscription of 250 new shares by AWT Cyber Investment Group Limited, a wholly-owned subsidiary of the Company, in NSB.
- (l) On 12 September 2000, 100,000,000 new ordinary shares in the Company at a price of HK\$0.05 each were issued to Iswapnet Hong Kong Limited (“ISN”) pursuant to an agreement entered into by the Company and ISN on 1 September 2000 in relation to the subscription of 20 new shares in ISN by AWT Cyber Investment Group Limited, a wholly-owned subsidiary of the Company.
- (m) On 26 September 2000, 500,000,000 new ordinary shares at a price of HK\$0.02 each (the “Price”) were issued to Golden Jade Holdings Limited (“GJH”), which is wholly-owned by Mr. Chan Sing Fai, Chairman of the Company and his spouse, pursuant to a subscription agreement entered into by the Company and GJH on 14 September 2000. These shares were issued upon the completion of the placing of 500,000,000 existing ordinary shares of the Company registered in the name of GJH to not less than 6 independent places with Kingway SW Securities Limited as the placing agent (“Placing Agent”) pursuant to a placing agreement entered into by GJH and the Placing Agent on 14 September 2000. The Price represented (i) a discount of approximately 13% to the closing price of HK\$0.023 per share on 14 September 2000, being the last trading day before the issue of the announcement of this transaction and (ii) a discount of approximately 35.5% to the average closing price of approximately HK\$0.031 per share for the last ten full trading days immediately before the issue of the announcement. The net proceeds of the placing and subscription, of approximately HK\$9.5 million, are being used by the Group as general working capital for its freight forwarding and logistics operations.

24. SHARE CAPITAL (continued)

- (n) On 12 February 2001, an aggregate of 800,000,000 new ordinary shares at a price of HK\$0.01 (the “Price”) each were issued to Mr. Chan Sing Fai, Chairman of the Company; Mr. Leung Tze Hang, David, Managing Director of the Company and Mr. Law Chuen Lam, Edward, an executive director of the Company, (collectively the “Vendors”) pursuant to a subscription agreement entered into by the Company and the Vendors on 30 January 2001. These shares were issued upon the completion of the placing of an aggregate of 800,000,000 existing ordinary shares of the Company registered in the name of the Vendors to not less than 6 independent places with Kingston Securities Limited as the placing agent (“Placing Agent”) pursuant to a placing agreement entered into by the Vendors and the Placing Agent on 30 January 2001. The Price is equal to (i) the closing price of HK\$0.01 per share on 30 January 2001 as quoted on the Stock Exchange, being the last trading day before the issue of the announcement of this transaction; and (ii) the average closing price of approximately HK\$0.01 per share for the last ten full trading days immediately before the issue of the announcement. The net proceeds of the placing and subscription, of approximately HK\$7.6 million, are being used by the Group for its freight forwarding operations, logistics operations and as general working capital.
- (o) On 15 February 2001, 660,000,000 new ordinary shares at a price of HK\$0.01 each were issued to satisfy the consideration pursuant to the provisional sale and purchase agreement entered into between AWT Investment Company Limited, a wholly-owned subsidiary of the Company (the “Purchaser”) and Topsmart Investment Limited (the “Vendor”) on 18 January 2001. Pursuant to the agreement, the Vendor agreed to sell and the Purchaser agreed to purchase certain properties for HK\$6,600,000.

24. SHARE CAPITAL (continued)

- (p) Details of share options granted and lapsed during the year pursuant to the share option scheme and the share options outstanding at 31 March 2001 were as follows:

Date of grant	Exercisable period	Exercise price HK\$	Options outstanding at 1 April 2000	Options granted	Options lapsed	Options outstanding at 31 March 2001
21 January 2000	22 April 2000 to 20 January 2003	0.188	94,000,000	—	—	94,000,000
27 April 2000	28 July 2000 to 9 May 2003	0.054	—	176,000,000	(14,000,000)	162,000,000
3 May 2000	4 August 2000 to 2 May 2003	0.058	—	2,000,000	—	2,000,000
5 June 2000	6 September 2000 to 18 June 2003	0.046	—	554,000,000	—	554,000,000
17 August 2000	18 November 2000 to 20 August 2003	0.031	—	50,000,000	—	50,000,000
			94,000,000	782,000,000	(14,000,000)	862,000,000

No options were exercised during the year.

25. RESERVES

	Group				
	Share premium account HK\$'000	Goodwill HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance brought forward	580,767	—	743	(631,789)	(50,279)
Premium arising from issuing new shares, net of expenses	175,843	—	—	—	175,843
Goodwill arising on acquisition of subsidiaries	—	(40,898)	—	—	(40,898)
Goodwill arising on addition of interests in subsidiaries	—	(4,731)	—	—	(4,731)
Goodwill arising on acquisition of associates	—	(2,751)	—	—	(2,751)
Goodwill relating to disposal of subsidiaries	—	6,837	—	—	6,837
Disposal of subsidiaries	—	—	(612)	—	(612)
Exchange realignment	—	—	226	—	226
Loss for the year	—	—	—	(201,657)	(201,657)
Balance carried forward	<u>756,610</u>	<u>(41,543)</u>	<u>357</u>	<u>(833,446)</u>	<u>(118,022)</u>
	Company				
	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance brought forward	580,767	20,093	11,746	(616,090)	(3,484)
Premium arising from issuing new shares, net of expenses	175,843	—	—	—	175,843
Loss for the year	—	—	—	(328,211)	(328,211)
Balance carried forward	<u>756,610</u>	<u>20,093</u>	<u>11,746</u>	<u>(944,301)</u>	<u>(155,852)</u>

25. RESERVES (continued)*Notes:*

- (a) The contributed surplus of the Company represents the excess of the net asset value of the subsidiaries acquired over the nominal value of the Company's shares issued for their acquisition. At Group level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.
- (b) Consolidated loss for the year attributable to shareholders is retained by:

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
— The Company and its subsidiaries	(200,682)	(43,562)
— Associates	(975)	—
	<u>(201,657)</u>	<u>(43,562)</u>

26. DEFERRED TAXATION

Movements on the provision for deferred taxation are as follows:

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
Balance brought forward	—	220
Transferred to profit and loss account (<i>note 7</i>)	—	(220)
Balance carried forward	<u>—</u>	<u>—</u>

The Group had no significant deferred assets or liabilities at the balance sheet date (2000: nil).

27. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	<u>Group</u>	
	2001 HK\$'000	2000 HK\$'000
Operating loss	(208,045)	(25,490)
Gain on disposal of associates	—	(889)
Loss on disposal and write off of fixed assets	3,571	450
Waiver of debts	(8,928)	(26,905)
Provision for diminution in value of properties for sale	780	—
Net realised loss on disposal of investment securities	2,157	—
Impairment loss on investment securities	90,830	—
(Gain)/loss on disposal of subsidiaries	(6,607)	1,011
Interest income	(2,353)	(1,143)
Dividend income	(344)	—
Amortisation of issuing cost of convertible debts	—	836
Depreciation	5,361	171
Decrease in properties for sale	10,114	67,430
Increase in inventories	(1,811)	—
Increase in accounts receivable, prepayment, deposit and other receivable	(5,368)	(14,427)
Increase in accounts payable and accruals, amounts due to related companies and directors	<u>61,108</u>	<u>3,108</u>
Net cash (outflow)/inflow from operating activities	<u>(59,535)</u>	<u>4,152</u>

28. ACQUISITION OF SUBSIDIARIES

	<u>Group</u>	
	2001 HK\$'000	2000 HK\$'000
Cash and bank balances	5,965	—
Fixed assets	3,368	—
Interest in associates	3,129	—
Inventories	517	—
Other loans	(10,667)	—
Obligation under finance leases	(688)	—
Other net current liabilities	(10,293)	—
Minority interests	<u>4,871</u>	<u>—</u>
	(3,798)	—
Goodwill	<u>40,898</u>	<u>—</u>
Total consideration	<u>37,100</u>	<u>—</u>
Satisfied by:		
Cash	1,100	—
Issue of shares	<u>36,000</u>	<u>—</u>
	<u>37,100</u>	<u>—</u>

The analysis of net inflow of cash and cash equivalents in respect of the acquisition is as follows:

	<u>Group</u>	
	2001 HK\$'000	2000 HK\$'000
Cash consideration paid	(1,100)	—
Cash and bank balances acquired	<u>5,965</u>	<u>—</u>
Net inflow of cash and cash equivalents	<u>4,865</u>	<u>—</u>

29. DISPOSAL OF SUBSIDIARIES

	<u>Group</u>	
	2001 HK\$'000	2000 HK\$'000
Cash and bank balances	1,643	1,045
Fixed assets	47,472	163
Interest in associates	13,416	—
Tax recoverable	29	—
Tax payable	(5)	—
Obligation under finance leases	(25,080)	—
Other net current liabilities	<u>(61,851)</u>	<u>(147)</u>
	(24,376)	1,061
Minority interests	12,544	—
Exchange reserve	(612)	—
Attributable goodwill	<u>6,837</u>	<u>—</u>
	(5,607)	1,061
Gain/(loss) on disposal	<u>6,607</u>	<u>(1,011)</u>
Total consideration	<u>1,000</u>	<u>50</u>
Satisfied by cash	<u>1,000</u>	<u>50</u>

The analysis of net outflow of cash and cash equivalents in respect of the disposal is as follows:

	<u>Group</u>	
	2001 HK\$'000	2000 HK\$'000
Cash consideration received	1,000	50
Cash and bank balances disposed of	<u>(1,643)</u>	<u>(1,045)</u>
Net outflow of cash and cash equivalents	<u>(643)</u>	<u>(995)</u>

30. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Group		
	Share capital including share premium HK\$'000	Bank loans, convertible debts and other borrowings HK\$'000	Obligations under finance leases HK\$'000
Balance at 31 March 1999	379,500	175,095	3,624
Conversion of notes to shares	23,363	(23,363)	—
Conversion of bonds to shares	4,479	(4,479)	—
Exercise of options	2,735	—	—
Issue of settlement shares	78,604	(67,261)	—
Private placements of shares	191,000	—	—
Share issuing expenses	(5,741)	—	—
Issue of settlement convertible bonds	—	18,219	—
Interests on convertible bonds	—	7,987	—
Amortisation of issuing cost of convertible debts	—	836	—
Convertible debts waived	—	(5,480)	—
Bank loans and other loans waived	—	(8,244)	—
Transferred from bank overdrafts	—	7,803	—
Transferred from accounts payable and accruals	—	20,016	—
Repayment of bank loans and other loans	—	(47,050)	—
Interests on other loans	—	692	—
Settlement of bank loans and other loans by issue of convertible bonds	—	(15,579)	—
Repayment of finance leases and hire purchase loans	—	—	(2,022)
Finance leases waived	—	—	(772)
Interests on finance leases	—	—	298
Balance at 31 March 2000	673,940	59,192	1,128

30. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR (continued)

	Group		
	Share capital including share premium HK\$'000	Bank loans, convertible debts and other borrowings HK\$'000	Obligations under finance leases HK\$'000
Issue of settlement shares (<i>note 24</i>)	44,561	(4,603)	—
Private placements of shares (<i>note 24</i>)	48,000	—	—
Conversion of bonds to shares (<i>note 24</i>)	5,550	(5,550)	—
Issue of shares as consideration for the acquisition of investment (<i>note 24</i>)	118,291	—	—
Issue of shares for the acquisition of properties for sale (<i>note 24</i>)	6,600	—	—
Share issuing expenses	(4,818)	—	—
New bank loans and other loan raised	—	6,000	—
Convertible bonds issued	—	10,000	—
Repayment of bank loans and other loans	—	(34,699)	—
Bank loans and other loans waived	—	(4,357)	—
Inception of finance leases	—	—	50,366
Acquisition of subsidiaries	—	10,667	688
Disposal of subsidiaries	—	—	(25,080)
Repayment of finance leases	—	—	(25,540)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2001	<u>892,124</u>	<u>36,650</u>	<u>1,562</u>

31. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
Cash and bank balances	1,659	5,438
Time deposits with original maturities of less than three months	—	114,616
Bank overdrafts	<u>(4,947)</u>	<u>(21)</u>
	<u>(3,288)</u>	<u>120,033</u>

32. MAJOR NON-CASH TRANSACTIONS

Save as those disclosed under the heading of “Share Capital” in note 24, during the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$50,366,000 (2000: nil).

33. PLEDGE OF ASSETS

- (a) As at balance sheet date, the following assets of the Group were pledged to secure convertible bonds, other loans, bank loans and overdrafts facilities granted to the Group:

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
Properties for sale, carrying value	27,615	31,827
Fixed deposits	<u>5,134</u>	<u>—</u>
	<u>32,749</u>	<u>31,827</u>

- (b) As at 31 March 2001, a fixed deposit of the Company amounting to approximately HK\$5,980,000 was pledged to a bank as a security for guarantee granted by the bank on behalf of a former subsidiary to a leasing company to the extent of US\$755,000 (2000: nil).

34. COMMITMENTS

- (i) Commitments under operating leases

As at 31 March 2001, the Group had commitments under operating leases in respect of land and buildings to make payments in the next twelve months which expire as follows:

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
Operating leases expiring:		
Within one year	2,890	—
In the second to fifth years inclusive	<u>1,241</u>	<u>2,693</u>
	<u>4,131</u>	<u>2,693</u>

- (ii) As at 31 March 2001, the Group had commitments in respect of acquisition of fixed assets:

	<u>Group</u>	
	2001	2000
	HK\$'000	HK\$'000
Contracted but not provided for	<u>—</u>	<u>1,183</u>

- (iii) On 16 March 2001, Lucky Regent International Limited, a wholly-owned subsidiary of the Company (“Purchaser”) entered into a sale and purchase agreement with Silver Bound Capital Limited (“Vendor”), an independent third party of the Group, in which the Vendor agreed to sell and the Purchaser agreed to purchase certain properties for a consideration of HK\$8,000,000. The consideration was satisfied by the issue and allotment of 800,000,000 new ordinary shares of HK\$0.01 each in the Company. The transaction was completed on 18 May 2001.

35. RELATED PARTY TRANSACTIONS

Save as disclosed under the heading “Connected Transactions” in the Report of the Directors, during the year, the Group entered into the following transactions with related parties in the ordinary course of business:

	<i>Notes</i>	2001 HK\$'000	2000 HK\$'000
THL Management Company Limited	<i>(a)</i>		
Rental income from		240	240
Car rental expenses payable to		46	—
THL Engineering Services Limited	<i>(a)</i>		
Maintenance service charges payable to		—	16
THL (Holdings) Company Limited	<i>(a)</i>		
Car rental expenses payable to		68	147
Finnex Development Limited	<i>(b)</i>		
Car rental expenses payable to		186	—
Everchina Holdings Limited	<i>(c)</i>		
Consultancy fee payable to		475	—
Po Kam Hi, John (an executive director of the Company)			
Car rental expenses payable to		27	—

Notes:

- (a) Mr. Leung Tze Hang, David, the Managing Director of the Company, has beneficial interests in the companies.
- (b) Mr. Chan Sing Fai, the Chairman of the Company, has beneficial interests in the company.
- (c) Mr. Li Meisheng, a former executive director of the Company, has beneficial interests in the company.

Except for the transactions disclosed above, the directors confirmed that there are no other related party transactions entered into by the Group during the year ended 31 March 2001.

36. CONTINGENT LIABILITIES

- (a) The Company has provided corporate guarantees to certain banks and creditors to secure general banking facilities and other loans respectively granted to its subsidiaries. Such facilities utilized by the subsidiaries as at 31 March 2001 amounted to approximately HK\$6,160,000 (2000: HK\$21,336,000).
- (b) During the past three years, the Inland Revenue Department (the “IRD”) has carried out a review on the taxation affairs of AWT World Transport (Far East) Limited (“AWT Far East”), a wholly-owned subsidiary of the Company, and has raised enquiries on the tax deductibility of certain expenses paid to Tran-Starting Inc. (“Transtarting”), also a wholly-owned subsidiary of the Company, during the year of assessment 1992/93 and subsequent years of assessment. On 19 February 1999 and 20 February 2001, the IRD issued additional assessments for 1992/93 and 1994/95 respectively to AWT Far East to disallow such expenses. AWT Far East has lodged objections against the additional assessments for these two years and conditionally paid all the additional tax charged of HK\$1,793,892 for 1992/93 and are paying the additional tax charged of HK\$2,521,623 for 1994/95 by installments. Up to the report date, no final conclusion has been reached with the IRD in respect of the assessments. The directors consider that the tax provision of HK\$3,698,000 made in the consolidated balance sheet as at 31 March 2001 is adequate and no further provision has been made for this matter. Should the IRD disallow the expenses with the same nature from 1994/95 onwards, an additional tax provision of approximately HK\$1,545,000 would have to be made.
- (c) As at 31 March 2001, 8 employees have completed the required number of years of service under the Hong Kong Employment Ordinance (the “Ordinance”) to be eligible for long service payments on termination of their employment. The Company is only liable to make such payments where the termination meets the circumstances specified in the Ordinance.

If the termination of all such employees meets the circumstances set out in the Ordinance, the Group’s liabilities as at 31 March 2001 in this matter would be approximately HK\$502,000. No provision has been made for this amount in the accounts as it is not expected to be crystallised in the foreseeable future.

- (d) According to the rights and restrictions of the convertible preference shares (“CP shares”) which were approved by the shareholders of the Company in a special general meeting held on 6 January 2000, the shareholders of the CP shares are entitled in priority to any distribution in respect of any other class of shares of the Company to a fixed cumulative preferential dividend at the rate of 6% per annum on the notional value of each CP share held from the date of issue to the date the CP shares are converted into ordinary shares or are redeemed. As at 31 March 2001, the shareholders of the CP shares had the rights for an accumulative dividend of approximately HK\$776,000. Such dividend was not accrued in the accounts as the Company had no retained earnings lawfully available for distribution as at 31 March 2001.

37. LITIGATION

- (1) At the report date, certain landlords issued writs and some also obtained judgments against the Group to claim for the damages due to the early termination of tenancy agreements and the outstanding rental in arrears for a total amount of approximately HK\$5,083,000. Full provisions were made for these claims in the accounts.
- (2) Certain employees of the Group have obtained Labour Tribunal's orders against the Group for outstanding salaries and compensations due to them. As at report date, the outstanding amount under Labour Tribunal's orders was approximately HK\$723,000. Adequate provision with respect to these outstanding salaries was made in the accounts.
- (3) At the report date, other sundry creditors issued writs and some also obtained judgments against the Group for total outstanding debts of HK\$787,000 in respect of miscellaneous services rendered. Full provisions were made in the accounts.

38. POST BALANCE SHEET DATE EVENTS

Save as those disclosed under the heading of "Commitments" in note 34, the following events occurred subsequent to the balance sheet date:

- (1) On 21 June 2001, Total Property Services Limited (the "Purchaser"), a wholly-owned subsidiary of the Company after the year end, the Company (as warrantor) and Skibbereen Company Limited (the "Vendor") entered into a sale and purchase agreement in which the Vendor agreed to sell and the Purchaser agreed to purchase certain properties for investment purpose at a consideration of HK\$6,600,000. The consideration was satisfied by the issue and allotment of 600,000,000 ordinary shares in the Company at HK\$0.011 each. The agreement was completed on 29 June 2001. The Vendor and its beneficial owners are independent third parties of the Group.
- (2) On 6 July 2001, Cyberoffice Limited, a 60% owned subsidiary of the Company, has applied for creditors' voluntary liquidation. The results of Cyberoffice Limited has been consolidated into the accounts. The total net liabilities and loss for the year contributed by this subsidiary amounted to approximately HK\$16,307,000 and HK\$14,860,000 respectively.
- (3) On 23 July 2001, Cyberhome Limited (the "Purchaser"), a wholly-owned subsidiary of the Company after the year end, the Company (as warrantor) and New Horizon Associates Limited (the "Vendor") entered into a sale and purchase agreement in which the Vendor agreed to sell and the Purchaser agreed to purchase certain properties for investment purpose at a consideration of HK\$6,000,000. The consideration will be satisfied by the issue and allotment of 600,000,000 ordinary shares in the Company at HK\$0.01 each. The agreement is expected to be completed on or before 8 August 2001. The Vendor and its beneficial owners are independent third parties of the Group.

39. SUBSIDIARIES

At 31 March 2001, the Company held shares in the following principal subsidiaries:

<u>Name of subsidiaries</u>	<u>Place of incorporation/ operation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Nature of business</u>
Shares held directly:				
AWT Cyber Investment Group Limited	British Virgin Islands	US\$1	100	Investment holding
AWT Data Management Group Limited	British Virgin Islands	US\$1	100	Investment holding
AWT Investment Group Limited	British Virgin Islands	US\$1	100	Investment holding
AWT Logistics Group Limited	British Virgin Islands	US\$1	100	Investment holding
AWT Realty Group Limited	British Virgin Islands	US\$1	100	Investment holding
AWT World Transport Group Limited	British Virgin Islands	HK\$2,000	100	Investment holding
Shares held indirectly:				
Asia Million Development Limited	Hong Kong	HK\$2	100	Property investment
AWT Finance Company Limited	Hong Kong	HK\$2	100	Dormant
AWT Insurance Agency Limited	Hong Kong	HK\$2	100	Dormant

39. SUBSIDIARIES (continued)

<u>Name of subsidiaries</u>	<u>Place of incorporation/ operation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Nature of business</u>
Shares held indirectly: (continued)				
AWT Investment Company Limited	Hong Kong	HK\$2	100	Property investment
AWT Ocean Transport Limited	Hong Kong	HK\$200,000	100	Sea freight forwarding
AWT Realty Limited	Hong Kong	HK\$2	100	Investment holding
AWT Realty (Central & Western) Limited	Hong Kong	HK\$2	100	Dormant
401.com (China) Limited	Hong Kong	HK\$2	100	Investment holding and property agency
AWT Realty (Commercial) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Eastern) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (International) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Investment) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Islands) Limited	Hong Kong	HK\$2	100	Dormant

39. SUBSIDIARIES (continued)

<u>Name of subsidiaries</u>	<u>Place of incorporation/ operation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Nature of business</u>
Shares held indirectly: (continued)				
AWT Realty (Kowloon City) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Kwai Tsing) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Kwun Tong) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (North) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Retail) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Sai Kung) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Sha Tin) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Sham Shui Po) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Southern) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Tai Po) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Thailand) Limited	Hong Kong	HK\$2	100	Dormant

39. SUBSIDIARIES (continued)

<u>Name of subsidiaries</u>	<u>Place of incorporation/ operation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Nature of business</u>
Shares held indirectly: (continued)				
AWT Realty (Tsuen Wan) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Tuen Mun) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Wan Chai) Limited	Hong Kong	HK\$2	100	Dormant
AWT Realty (Yau Tsim Mong) Limited	Hong Kong	HK\$2	100	Dormant
AWT World Transport (Far East) Limited	Hong Kong	HK\$200 ordinary HK\$1,000,000 non-voting deferred HK\$200,000 redeemable preferred	100	Air and sea freight forwarding
AWT World Transport (North America) Limited	British Virgin Islands	US\$1	100	Investment holding
* AWT World Transport (Thailand) Limited	Thailand	Baht10,000,000	100	Air and sea freight forwarding
AWT World Transport (USA) Limited	British Virgin Islands	US\$1	100	Investment holding

39. SUBSIDIARIES (continued)

<u>Name of subsidiaries</u>	<u>Place of incorporation/ operation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Nature of business</u>
Shares held indirectly: (continued)				
Billion Glory Investments Limited	British Virgin Islands	US\$1	100	Investment holding
Bright Ace International Development Limited	Hong Kong	HK\$2	100	Provision of secretarial services
Chain Year Investment Limited	Hong Kong	HK\$2	100	Dormant
Chain Supplies Limited	Hong Kong	HK\$1,000	36 [#]	Sales of curtain and fabrics
Charmway Investments Limited	British Virgin Islands	US\$1	100	Investment holding
Charter Trade Limited	Hong Kong	HK\$10,000	100	Dormant
Clover Day Assets Limited	British Virgin Islands	US\$1	100	Investment holding
CNAC — AWT Limited	Hong Kong	HK\$2	100	Dormant
Copymart Investments Limited	British Virgin Islands	US\$1	100	Investment holding
Cyberoffice Limited	Hong Kong	HK\$10,000	60	Information technology services

39. SUBSIDIARIES (continued)

<u>Name of subsidiaries</u>	<u>Place of incorporation/ operation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Nature of business</u>
Shares held indirectly: (continued)				
Cyberoffice (China) Limited	Hong Kong	HK\$2	60	Dormant
Eagle Palace Limited	Hong Kong	HK\$2	100	Sub-letting of properties
Financial Gain Incorporated	British Virgin Islands	US\$1	100	Investment holding
Flavourite International Limited	British Virgin Islands	US\$1	100	Investment holding
Food8 Logistics Limited	Hong Kong	HK\$100	36**	Marketing & logistics services
Gauntlet International Limited	British Virgin Islands	US\$1	100	Investment holding
Golden Gate Container Line Limited	Hong Kong	HK\$100,000	100	Dormant
Hing Tung Limited	Hong Kong	HK\$2	100	Property investment
Hyper Motion Investments Limited	British Virgin Islands	US\$1	100	Property investment
Integrated Approach Limited	British Virgin Islands	US\$1	100	Investment holding

39. SUBSIDIARIES (continued)

<u>Name of subsidiaries</u>	<u>Place of incorporation/ operation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Nature of business</u>
Shares held indirectly: (continued)				
i-Motion Holdings Limited	British Virgin Islands	US\$1	100	Investment holding
i-Integrity Developments Limited	British Virgin Islands	US\$1	100	Investment holding
Joinbig Limited	British Virgin Islands	US\$1	100	Investment holding
Konmore Limited	Hong Kong	HK\$100,000	100	Dormant
Kunwa Limited	British Virgin Islands	US\$1	100	Dormant
Long Glory Limited	British Virgin Islands	US\$1	100	Investment holding
Longbeach International Limited	British Virgin Islands	US\$1	100	Property investment
Lucky Regent International Limited	Hong Kong	HK\$2	100	Dormant
Magical Scale Limited	British Virgin Islands	US\$1	100	Dormant
Mountain Creek Investments Limited	British Virgin Islands	US\$1	100	Investment holding

39. SUBSIDIARIES (continued)

<u>Name of subsidiaries</u>	<u>Place of incorporation/ operation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Nature of business</u>
Shares held indirectly: (continued)				
Noble Warrior Limited	British Virgin Islands	US\$1	100	Investment holding
Peak Diamond Limited	Hong Kong	HK\$2	100	Letting and sub-letting of properties
Pioneer Glory Properties Ltd.	British Virgin Islands	US\$2	100	Property investment
Rustler International Limited	British Virgin Islands	US\$1	100	Investment holding
Scrutton Enterprises Limited.	British Virgin Islands	US\$1	60	Investment holding
Tran-Starting Inc.	British Virgin Islands	US\$200	100	Investment holding and provision of procurement services
Trinity Wish Limited	British Virgin Islands	US\$2	100	Investment holding
Total Logistics Services Limited	Hong Kong	HK\$10,012,000	60	Investment holding and provision of logistics services

39. SUBSIDIARIES (continued)

<u>Name of subsidiaries</u>	<u>Place of incorporation/ operation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Nature of business</u>
Shares held indirectly: (continued)				
Ultimate Regent Limited	Hong Kong	HK\$2	100	Property investment
Urban Logistics Limited	Hong Kong	HK\$10,000	60	Provision of logistics services
Visible Luck Corporation	British Virgin Islands	US\$1	100	Investment holding
Waterbeach Limited	British Virgin Islands	US\$1	100	Investment holding
401 Associates Limited	Hong Kong	HK\$2	100	Provision of total property service
401 Cleansing Services Limited	Hong Kong	HK\$2	100	Dormant
401 Club Limited	Hong Kong	HK\$2	100	Dormant
401 Concepts Limited	Hong Kong	HK\$2	100	Dormant
401 Concept Mall Development Limited	Hong Kong	HK\$2	100	Dormant
401 Dry Cleaning Limited	Hong Kong	HK\$2	100	Dormant
401 Finance Company Limited	Hong Kong	HK\$2	100	Provision of financial service

39. SUBSIDIARIES (continued)

<u>Name of subsidiaries</u>	<u>Place of incorporation/ operation</u>	<u>Issued and fully paid up capital</u>	<u>Percentage of equity held by the Company</u>	<u>Nature of business</u>
Shares held indirectly: (continued)				
401 Food and Beverage Services Limited	Hong Kong	HK\$2	60	Provision of catering Services
401 Insurance Agency Limited	Hong Kong	HK\$2	100	Insurance agency
401 Laundry Services Limited	Hong Kong	HK\$2	100	Dormant
401 Maintenance Services Limited	Hong Kong	HK\$2	100	Dormant
401 Movers Limited	Hong Kong	HK\$2	100	Dormant
401 Realty Limited	Hong Kong	HK\$2	100	Property agency
401 Total Property Services Group Limited (formerly known as 401 Services Limited)	British Virgin Islands	US\$1	100	Investment holding

Chain Supplies Limited is 60% owned by Total Logistics Services Limited, a 60% owned subsidiary of the Company.

** Food8 Logistics Limited is 60% owned by Total Logistics Services Limited.

* Subsidiaries not audited by Graham H.Y. Chan & Co. The total net liabilities of those subsidiaries amounted to approximately HK\$271,000.

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.