

REVIEW ON OPERATIONS



FINANCIAL REVIEW

(i) Financial position

The financial position of the Group was healthy with a net cash balance of HK\$772 million as at 30th September 2000. This included the proceeds from (i) subscription of 607,396,000 new shares of the Company by Luckman Trading Limited, the existing major shareholder, at HK\$0.6388 per share, (ii) subscription of 27,852,389 new shares of the Company by Ontario Municipal Employees Retirement System ("OMERS") at HK\$2.13 per share and (iii) exercising the subscription rights attaching to the 2000 warrants at HK\$0.40 per share.

The only bank loan outstanding as at 30th September 2000 for the amount of HK\$4.4 million was repaid in November 2000.

(ii) Expiry of subscription rights attaching to the 2000 warrants

The Company's 2000 warrants expired on 30th September 2000 and upon exercising the subscription rights attaching to the 2000 warrants by the warrant holders before the expiry date, 69,334,883 ordinary shares were issued before 30th September 2000 and 134,673,427 ordinary shares were issued in October at HK\$0.4 per share. This raised approximately HK\$81.6 million for the Company.

(iii) Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2000. (1999: Nil)

財務回顧

(i) 財務狀況

本集團之財政狀況良好，於二零零零年九月三十日有現金結存淨額772,000,000港元，當中包括來自下列各項之所得款項：(i)現有主要股東 Luckman Trading Limited 按每股0.6388港元之價格認購本公司607,396,000股新股，(ii)安大略省政府僱員退休金管理局（「OMERS」）按每股2.13港元之價格認購本公司27,852,389股新股及(iii)按每股0.40港元之價格行使二零零零年認股權證所附之認購權。

唯一於二零零零年九月三十日仍未償還之4,400,000港元銀行貸款，已於二零零零年十一月償還。

(ii) 二零零零年認股權證所附認購權屆滿

本公司之二零零零年認股權證已於二零零零年九月三十日屆滿，根據認股權證持有人在屆滿日期前行使其二零零零年認股權證所附之認購權，69,334,883股普通股已在二零零零年九月三十日前發行，及134,673,427股普通股已於二零零零年十月按每股0.4港元發行，為本公司籌得約81,600,000港元。

(iii) 中期股息

董事會不建議就截至二零零零年九月三十日止六個月派發中期股息（一九九九年：無）。

業務回顧

OPERATIONS REVIEW

(i) Trading

During the period under review, distribution of brand name photographic products continued to be one of the core businesses of the Group. The turnover was approximately HK\$181 million, representing a decline of 46% from the same period in last year. The decrease was mainly resulted from the discontinuation of trading and distribution of "Kodak" and "Ricoh" branded products in PRC. The Group had concentrated the resources to distribute products with higher margin such as Nikon photographic products and Gucci watches. Gucci watches is a new product line introduced to the Group in September 2000. The turnover of Nikon products has a double-digit growth compared with the same period last year.

(ii) Joint Venture in Shandong

Background

On 25th September 2000, the Company entered into an agreement with Sanlian Group, a leading provider of broadband technology and information services in Shandong, and China Shandong Group Limited, a "window" company of Shandong provincial government in Hong Kong, pursuant to which a new joint venture would be established in Shandong (the "Joint Venture"). The Group would have 40% interest in the Joint Venture whose businesses are to develop fiber-optic broadband technologies and consulting services, to develop technologies and products for the use of Beelink.com, the country's first broadband multi-media portal developed and built by Sanlian Group, and to provide comprehensive technical support to Sanlian Group.

The incorporation of the Joint Venture is expected to be approved by the Shandong authorities in December 2000.

Market size

The existing network of Beelink.com currently covers 70% of Jinan city, providing 10Mbps, 100Mbps and 155Mbps dedicated broadband connection to both personal and business users. (the "Network"). The number of registered users of the Network has already reached 8,000, representing 30% of Jinan city's Internet users. The Network will further extend to other cities in Shandong namely Qingdao, YanTai, WeiFang, WeiHai and DongYing.

業務回顧

(i) 貿易

於回顧期間，分銷名牌攝影產品仍為本集團之其中一項核心業務。營業額約為181,000,000港元，較去年同期下跌46%。營業額下跌主要由於本集團停止於中國買賣和分銷「柯達」及「理光」品牌之產品。本集團已把資源集中在分銷邊際利潤較高之產品，如尼康攝影器材產品及 Gucci 手錶。Gucci 手錶為本集團於二零零零年九月所引進之新產品線。尼康產品之營業額較去年同期有雙位數字之百分比增長。

(ii) 於山東省之合營企業

背景

於二零零零年九月二十五日，本公司與在山東省佔領導地位之寬頻科技及資訊服務供應商三聯集團及山東省政府於香港之窗口公司華魯集團有限公司訂立協議，據此，彼等將於山東省成立一間新合營企業（「該合營企業」）。本集團將持有該合營企業之40%權益。該合營企業之業務為開發光纖寬頻科技產品和諮詢服務、開發用於百靈網（此乃由三聯集團開發及建立之全國首個寬頻多媒體入門網站）之技術及產品，以及向三聯集團提供全面技術支援。

該合營企業估計可於二零零零年十二月內經山東省機關批准成立。

市場規模

百靈網之現有網絡覆蓋濟南市70%範圍，為個人及商業用戶提供10Mbps、100Mbps及155Mbps之專用寬頻連接（「該網絡」）。該網絡目前之登記用戶人數已達8,000名，佔濟南市互聯網用戶之30%。該網絡將進一步擴展至山東省其他城市，包括青島、煙台、濰坊、威海及東營。

Business Direction

The Joint Venture will be positioned as a leader in the provision of quality broadband Internet technology and e-commerce services in the PRC. In addition to the continued extension of the Network, the Joint Venture will also develop B2B applications and solutions, online transactions and payment facilities and other e-commerce services for the business community, leveraging the Joint Venture partner's position as one of the largest private enterprises in China.

(iii) Disposal of Non-core Asset

The Group is aggressively attempting to dispose its non-core assets. For the investment in the unconsolidated subsidiary, Artland International Limited, which has a 50% stake in a joint venture in Sichuan, the Group has resumed discussions with the joint venture partner to seek for cooperation possibilities.

(iv) Investment in listed securities

The performance on the listed securities in Hong Kong was less than satisfactory due to the unfavourable market conditions. The Board had decided to write down the long-term investment in listed securities to the market value as at 30th September 2000. The short-term investment in listed securities had been valued at market value for both the period ended 30th September 2000 and the year ended 31st March 2000.

FUTURE PLAN AND PROSPECTS

The Group operates with a strategic long-term vision in mind. China's entry into the World Trade Organization presents an ideal opportunity to grow the Group's businesses, with tremendous economic advantages in different industries. By utilizing its metropolitan broadband technology platform, the Group will focus on four business areas, namely Broadband Services and Technology, Media and Information Services, Education and Financial Services.

業務方向

該合營企業將定位為中國優質寬頻互聯網科技及電子商貿服務之主要供應商。除不斷擴展該網絡外，憑藉合營企業夥伴(三聯集團)為中國其中一間最大之私營企業，該合營企業亦將開發 B2B 應用服務及解決方案、網上交易和付款設施，以及為商界開發其他電子商貿服務。

(iii) 出售非核心資產

本集團現正積極出售其非核心資產。就於未有作合併賬處理之附屬公司藝傳國際有限公司(此公司持有四川一間合營企業之50%股權)之投資，本集團已與該合營企業夥伴重開會談，藉以尋求合作之可能性。

(iv) 上市證券投資

於香港之上市證券表現差強人意，主要歸咎於股票市場逆轉。董事會已決定把作為長期投資之上市證券之價值撇減至其於二零零零年九月三十日之市值。截至二零零零年九月三十日止期間及截至二零零零年三月三十一日止年度於上市證券之短期投資已按市值作出估值。

未來計劃及前景

本集團目光遠大，中國加入世界貿易組織不僅會為各行各業帶來可觀的經濟利益，更為本集團之業務發展創造不容錯失之良機。憑藉城域寬頻技術平台，本集團將專注於四個互惠業務範疇，分別為寬頻服務及技術、媒體及資訊服務、教育及金融服務。