

## NOTES TO CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2002

### 1. Significant accounting policies

The condensed interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants.

The accounting policies adopted in these condensed interim financial statements have been prepared on a basis consistent with the principal accounting policies as stated in the financial statements for the year ended 31st March, 2002, except that the following new and revised SSAPs have been adopted for the first time in the preparation of the current period’s condensed financial statements:

SSAP 1 (Revised)	:	Presentation of financial statements
SSAP 11 (Revised)	:	Foreign currency translation
SSAP 15 (Revised)	:	Cash flow statements
SSAP 34	:	Employee benefits

#### Statement of change in equity

In accordance with SSAP 1 (Revised), the requirement for presenting a statement of recognised gains and losses has changed to presenting a statement of changes in equity. The condensed consolidated statement of changes in equity for the current period has been presented accordingly.

#### Foreign currency translation

The main revision in SSAP 11 (Revised) is that in preparing the consolidation of financial statements, the income statements of the Group’s operations outside Hong Kong have to be translated at the average rates for the period rather than at the exchange rates ruling on the balance sheet date. This change in accounting policy has not had any material effect on the results for current and prior accounting periods.

#### Cash flow statements

Under SSAP 15 (Revised), cash flows are classified by operating, investing and financing activities. In addition, the amount presented for cash and cash equivalents have been amended to exclude short-term bank loans which are financing in nature. The condensed consolidated cash flow statement has been presented in accordance with this revised SSAP.

#### Employee benefits

SSAP 34 prescribes the accounting treatment and disclosures for employee benefits. This SSAP has not had any material effect on the results for the current and prior accounting periods.

**NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**

**2. Segment information**

Turnover and segment information for the six months ended 30th September, 2002.

**(a) By business segments**

	Computer equipment HK\$'000	Office equipment HK\$'000	Tele- communication systems and services HK\$'000	Technical and maintenance services HK\$'000	IT & network solution HK\$'000	Trading of general merchandise HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended								
30th September, 2002								
TURNOVER								
Total sales	154,640	77,137	74,957	33,199	32,464	10,565	9,246	392,208
Inter-segment sales	(7,640)	(21,553)	(5,523)	(3,962)	(2,020)	(193)	-	(40,891)
External sales	<u>147,000</u>	<u>55,584</u>	<u>69,434</u>	<u>29,237</u>	<u>30,444</u>	<u>10,372</u>	<u>9,246</u>	<u>351,317</u>
RESULT								
Segment result	<u>4,632</u>	<u>432</u>	<u>(7,035)</u>	<u>4,040</u>	<u>(2,426)</u>	<u>(3,018)</u>	<u>(2,987)</u>	(6,362)
Interest and other income								3,157
Unallocated corporate expenses								<u>(299)</u>
Loss from operations								(3,504)
Finance costs								(30)
Share of results of associates	-	1,862	-	-	-	-	-	<u>1,862</u>
Loss before taxation								(1,672)
Taxation								<u>(3,595)</u>
Net loss for the period								<u>(5,267)</u>

**NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)****2. Segment information (Continued)****(a) By business segments (Continued)**

	Computer equipment <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Tele- communication systems and services <i>HK\$'000</i>	Technical and maintenance services <i>HK\$'000</i>	IT & network solution <i>HK\$'000</i>	Trading of general merchandise <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30th September, 2001								
<b>TURNOVER</b>								
Total sales	139,116	87,826	137,765	52,352	32,858	19,450	-	469,367
Inter-segment sales	<u>(8,842)</u>	<u>(23,400)</u>	<u>(10,971)</u>	<u>(6,245)</u>	<u>(1,254)</u>	<u>(722)</u>	-	<u>(51,434)</u>
External sales	<u>130,274</u>	<u>64,426</u>	<u>126,794</u>	<u>46,107</u>	<u>31,604</u>	<u>18,728</u>	-	<u>417,933</u>
<b>RESULT</b>								
Segment result	<u>882</u>	<u>(866)</u>	<u>(4,686)</u>	<u>6,531</u>	<u>(5,197)</u>	<u>(2,751)</u>	<u>1,323</u>	<u>(4,764)</u>
Interest and other income								4,573
Unallocated corporate expenses								<u>(1,409)</u>
Loss from operations								(1,600)
Finance costs								(214)
Share of results of associates	-	2,941	-	-	-	-	-	<u>2,941</u>
Profit before taxation								1,127
Taxation								<u>(4,381)</u>
Net loss for the period								<u><u>(3,254)</u></u>

**(b) By geographical segments**

	Six months ended 30th September,			
	Turnover		Contribution to profit (loss) from operations	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Hong Kong	<b>264,995</b>	285,982	<b>(1,478)</b>	(2,307)
The Mainland	<b>27,785</b>	61,788	<b>(3,626)</b>	(3,237)
Thailand	<b>54,452</b>	65,445	<b>3,596</b>	4,906
Others	<b>4,085</b>	4,718	<b>(1,996)</b>	(962)
	<u><b>351,317</b></u>	<u>417,933</u>	<u><b>(3,504)</b></u>	<u>(1,600)</u>

**NOTES TO CONDENSED FINANCIAL STATEMENTS** *(Continued)***3. Loss from operations**

	<b>Six months ended 30th September,</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss from operations is arrived at after charging		
Cost of stock sold	<b>244,525</b>	300,311
Depreciation on property, plant and equipment	<b>3,266</b>	4,377
Operating lease payments in respect of renting of premises	<b>16,674</b>	20,588
Staff costs, including directors' emoluments	<b>53,057</b>	69,697
	<b><u>244,525</u></b>	<b><u>300,311</u></b>

**4. Taxation**

	<b>Six months ended 30th September,</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current taxation		
Company and subsidiaries		
Hong Kong	<b>1,791</b>	2,123
Overseas	<b>1,513</b>	1,782
Associates		
Hong Kong	<b>291</b>	476
	<b><u>3,595</u></b>	<b><u>4,381</u></b>

Provision for Hong Kong profits tax is calculated at the rate of 16% (2001: 16%) on the estimated assessable profits less available tax relief for losses brought forward of each individual company.

Provision for overseas taxation is calculated based on the rates applicable to the relevant local legislation on the estimated assessable profits.

**5. Interim dividend**

	<b>Six months ended 30th September,</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend		
2001: HK\$0.01 per share on 856,779,352 shares	<b><u>-</u></b>	<b><u>8,568</u></b>

**NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)****6. Loss per share**

Basic loss per share is calculated based on the loss for the period of HK\$5,267,000 (2001: HK\$3,254,000) and on the weighted average number of ordinary shares issued of 856,779,352 (2001: 856,779,352) shares.

No diluted loss per share is presented for the periods ended 30th September, 2002 and 30th September, 2001 as the exercise of the Company's outstanding share options would result in a decrease in net loss per share.

**7. Property, plant and equipment**

For the six months ended 30th September, 2002, the Group acquired property, plant and equipment of HK\$3,450,000 and disposed of property, plant and equipment of HK\$3,970,000.

**8. Debtors, deposits and prepayments**

The ageing analysis of trade debtors is as follows:

	<b>As at 30th September, 2002 HK\$'000</b>	<b>As at 31st March, 2002 HK\$'000</b>
0-60 days	<b>62,353</b>	45,030
61-90 days	<b>3,234</b>	5,110
Over 90 days	<b>8,199</b>	10,417
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Total	<b><u>73,786</u></b>	<b><u>60,557</u></b>

The Group normally allows an average credit period of 60 days to its trade customers.

**9. Creditors, deposits and accruals**

The ageing analysis of trade creditors is as follows:

	<b>As at 30th September, 2002 HK\$'000</b>	<b>As at 31st March, 2002 HK\$'000</b>
0-60 days	<b>58,767</b>	32,358
61-90 days	<b>655</b>	56
Over 90 days	<b>1,919</b>	11,380
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Total	<b><u>61,341</u></b>	<b><u>43,794</u></b>

**NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)****10. Contingent liabilities**

At the balance sheet date:

The Company has contingent liabilities in respect of:

- (i) guarantees issued for banking facilities extended to its subsidiaries amounting to HK\$9,293,000 (31st March, 2002: HK\$4,750,000).
- (ii) guarantees issued for performance under contracts and rendering of services of certain subsidiaries amounting to HK\$3,523,000 (31st March, 2002: HK\$2,670,000).

**11. Operating lease****(a) The Group as lessee**

The Group has total future aggregate minimum lease payments under non-cancellable operating leases in respect of renting of premises as follows:

	<b>As at 30th September, 2002 HK\$'000</b>	As at 31st March, 2002 HK\$'000
Within one year	<b>12,928</b>	22,936
In the second to fifth years inclusive	<b>1,869</b>	4,587
	<b><u>14,797</u></b>	<u>27,523</u>

Leases are negotiated and rentals are fixed for an average term of 2 years.

**(b) The Group as lessor**

The investment properties were leased out for a period of 2 years and the leases did not have any renewal options given to the lessees. The future minimum lease payments receivable by the Group under non-cancellable operating leases for each of the following periods are:

	<b>As at 30th September, 2002 HK\$'000</b>	As at 31st March, 2002 HK\$'000
Within one year	<b>301</b>	450
In the second to fifth years inclusive	<b>–</b>	33
	<b><u>301</u></b>	<u>483</u>

**12. Comparative figures**

Certain comparative figures have been reclassified in order to conform with the presentation of current period.