

NOTE TO FINANCIAL STATEMENTS

1. Accounting Policies

The condensed financial statements have been prepared under the historical cost convention as modified for revaluation of certain properties and investments in securities.

The interim financial report has been prepared in accordance with the Statement of Standard Accounting Practice No. 25 “Interim financial reporting” issued by Hong Kong Society of Accountants (“SSAP 25”), except that comparative figures are not presented for the Statement of recognised gains and losses or for the cash flow statement, being the first cash flow statement to be included in the interim financial report relating to accounting period ended on or after July 1, 2000. Such departures from SSAP 25 are permitted under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Save as disclosed above, the condensed financial statements have been prepared in accordance with SSAP 25. The accounting policies adopted are consistent with those followed in the Group’s annual financial statements for the year ended March 31, 2000.

2. Segmental Information

The Group’s turnover and contribution to loss from operations, analysed by principal activity and by geographical market are as follows:

	(Unaudited) Group’s Turnover Six months ended September 30		(Unaudited) Contribution to loss from operating activities Six months ended September 30	
	2000	1999	2000	1999
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
By principal activities:				
Credit card service income	2,287	–	(2,675)	–
Securities trading and investment income	2,490	2,178	(6,953)	1,235
Interest income	18,702	9,107	18,702	9,107
Manufacture and sales of goods	2,873	4,229	2,234	15
Property investment	849	982	849	496
	<u>27,201</u>	<u>16,496</u>	<u>(12,157)</u>	<u>10,852</u>
Corporate expenses			<u>(24,182)</u>	<u>(21,960)</u>
Loss from operations			<u>(12,025)</u>	<u>(11,108)</u>
By geographical areas:				
North America	794	519	794	433
Hong Kong	26,190	15,640	11,146	10,082
South East Asia	217	337	217	337
	<u>27,201</u>	<u>16,496</u>	<u>12,157</u>	<u>10,852</u>
Corporate expenses			<u>(24,182)</u>	<u>(21,960)</u>
Loss from operations			<u>(12,025)</u>	<u>(11,108)</u>

3. Other Revenue

Included in other revenue is an option fees of HK\$9,060,000 (Six months ended September 30, 1999: Nil) recognized on expiry of options granted to Global Vmall.com (USA) Inc. for the acquisition of shares in eBiz.hk.com Limited (“eBiz”) a subsidiary of the Company.

4. Depreciation

During the period, depreciation of HK\$1,167,235 (Six months ended September 30, 1999: HK\$657,020) was charged to the income statement in respect of the Group’s property, plant and equipment.

5. Taxation

(Unaudited)	
Six months ended	
September 30	
2000	2000
HK\$'000	HK\$'000

The tax charge attributable to the Groups comprises:

Hong Kong Profits Tax		
– Under-provision in prior year	23	–
Overseas Taxation	290	14
	<u>313</u>	<u>14</u>

No provision for Hong Kong Profits Tax has been made as there is no assessable profits for the period. Overseas taxation is calculated at the rates prevailing in the respective jurisdiction.

6. Loss per share

The calculation of basic loss per share is based on the unaudited loss for the period of HK\$19,044,000 (Six months ended September 30, 1999: HK\$18,048,000) and on 1,268,115,869 (Six months ended September 30, 1999: 1,250,456,676) weighted average number of ordinary shares outstanding during the period.

No diluted loss per share is calculated as the effect of potential ordinary shares is anti-dilutive.

7. Investment Properties and Property, Plant and Equipment

During the period, the Group acquired and disposal of property, plant and equipment of HK\$6,837,000 and net book value of HK\$22,000 respectively (Year ended March 31, 2000: HK\$233,000 and HK\$215,000 respectively).

The Group did not acquire or dispose of any investment properties during the two periods.

8. Trade and Other Receivables

The Group does not allow any credit terms to its trade customers but allow up to 56 days interest-free repayment period for the credit card holders for retail sales.

The following is an aged analysis of trade and other receivables at the reporting date:

	(Unaudited) September 30 2000 <i>HK\$'000</i>	(Unaudited) March 31 2000 <i>HK\$'000</i>
0-60 days	71,983	19,949
61-90 days	688	52
> 90 days	<u>17,655</u>	<u>12,723</u>
Total	<u>90,326</u>	<u>32,724</u>

9. Trade and Other Payables

The following is an aged analysis of trade and other payables at the reporting date:

	(Unaudited) September 30 2000 <i>HK\$'000</i>	(Unaudited) March 31 2000 <i>HK\$'000</i>
0-60 days	23,024	14,679
61-90 days	347	–
> 90 days	<u>13,174</u>	<u>5,159</u>
Total	<u>36,545</u>	<u>19,838</u>

10. Borrowings

	(Unaudited) September 30 2000 <i>HK\$'000</i>	(Unaudited) March 31 2000 <i>HK\$'000</i>
Note payable	4,632	4,648
Mortgage loans	5,248	1,251
Bills payable	61	217
Trust receipt loans	289	201
Bank overdrafts	<u>280</u>	<u>188</u>
	10,510	6,505
<i>Less: Amount due within one year shown under current liabilities</i>	<u>(1,064)</u>	<u>(755)</u>
	<u>9,446</u>	<u>5,750</u>

11. Share Capital

Ordinary shares of HK\$0.25 each	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
At beginning and at end of the period/year	<u>2,000,000,000</u>	<u>500,000</u>
<i>Issued and fully paid:</i>		
At April 1, 1999	1,250,456,676	312,614
Exercise of warrant	17,507,036	4,377
Exercise of share options	<u>150,000</u>	<u>37</u>
At March 31, 2000	1,268,113,712	317,028
Exercise of warrant	<u>2,351</u>	<u>1</u>
At September 30, 2000	<u>1,268,116,063</u>	<u>317,029</u>

12. Reserves

	Share premium HK\$,000	Goodwill reserve HK\$,000	Capital reserve HK\$,000	Translation reserve HK\$,000	Deficit HK\$,000	Total HK\$,000
At March 31, 1999	366,478	(65,034)	1,479	12,434	(217,278)	44,079
Goodwill arising on acquisition of additional interest in a subsidiary	–	(570)	–	–	–	(570)
Exercise of share options	31	–	–	–	–	31
Exchange realignment	–	–	–	(231)	–	(231)
Loss for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(33,805)</u>	<u>(33,805)</u>
At March 31, 2000	366,509	(65,604)	1,479	12,203	(305,083)	9,504
Capital reserve arising on acquisition of subsidiaries	–	2,722	–	–	–	2,722
Exchange realignment	–	–	–	(482)	–	(482)
Loss for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(19,044)</u>	<u>(19,044)</u>
At March 31, 2000	<u>366,509</u>	<u>(62,882)</u>	<u>1,479</u>	<u>11,721</u>	<u>(324,127)</u>	<u>(7,300)</u>

13. Pledge of Assets

The Group pledged bank balances and cash with a carrying value at September 30, 2000 of HK\$5,833,000 (Year ended March 31, 2000: HK\$2,020,000) as securities for banking facilities granted to a subsidiary and as securities for the credit card business transactions with Master Card International Corporation.

The note payable of HK\$4,632,000 (Year ended March 31, 2000: HK\$4,648,000) and mortgage loan of HK\$5,248,000 (Year ended March 31, 2000: HK\$1,251,000) were secured on the investment properties of the Group with an aggregate carrying value of HK\$15,470,000 (Year ended March 31, 2000: HK\$8,794,000).

14. Post Balance Sheet Events

Subsequent to the interim reporting date, the Company made an announcement on November 24, 2000 for the disposal of 100% of the issued share capital of three subsidiaries to eBiz at a total consideration of approximately HK\$56 million.

15. Acquisition of Subsidiaries

On April 28, 2000, the Group acquired 100% of the issued share capital of Online Credit Card Limited and Online Discount Card Limited (Formerly known as MBf Card International Limited and MBf Discount Card (HK) Limited respectively) for a total cash consideration of HK\$38,742,583. This transaction has been accounted for using the acquisition method of accounting.

The following summaries the effect of the acquisition:

	<i>HK\$'000</i>
Net assets acquired	41,465
Negative goodwill arising on acquisition	<u>(2,722)</u>
Cash consideration	<u>38,743</u>
Net cash inflow arising on acquisition	
Cash consideration	(38,743)
Bank balances and cash acquired	8,773
Less: Deposit paid last year	17,522
Deferred consideration	<u>21,221</u>
	<u>8,773</u>

The subsidiaries acquired during the period contributed approximately HK\$2,762,000 to the Group's net operating cash outflow, paid approximately HK\$3,127,000 in respect of net returns on investments and servicing of finance and paid approximately HK\$79,000 in respect of investing activities.

The subsidiaries acquired during the period contributed approximately HK\$13,704,000 to the Group's turnover and contributed loss from operations of approximately HK\$3,275,000 for the period.