

Notes:

1. Basis of presentation and comparative figures

The Company was incorporated in Bermuda on 11 January 2001 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Pursuant to a group reorganisation in preparation of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of its subsidiaries on 18 April 2001. The shares of the Company were listed on the Stock Exchange on 7 May 2001. The Group resulting from the group reorganisation has been treated as a continuing entity. Accordingly, the comparative figures for the preceding financial period have been prepared on the basis as if the Company had always been the holding company of the Group.

2. Principal accounting policies

The same principal accounting policies and methods of computation are followed in these interim financial statements for the six months ended 30 September 2001 as compared with the most recent published annual financial statements for the year ended 31 March 2001. These interim financial statements comply with Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

The Group has adopted a number of new and revised Statements of Standard Accounting Practices ("SSAPs") issued by the Hong Kong Society of Accountants for the first time in the current period. The adoption of these new or revised SSAPs does not have any effect on the current or prior period financial statements except in accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date.

3. Segment information

The Company is an investment holding company. Its subsidiaries are principally engaged in the distribution and sourcing of electronic parts and components, as well as computer accessories. All of the Group's turnover and profit attributable to shareholders were derived from the aforementioned business.

An analysis of the Group's turnover by geographical location determined on the basis of the destination of delivery of merchandise is as follows:

	Six months ended	
	30 September	
	2001	2000
	HK\$'000	HK\$'000
Hong Kong	120,426	207,652
Europe	8,995	33,446
America	3,231	16,723
Asia Pacific (other than Hong Kong)	8,749	18,524
Others	3,647	7,269
	<u>145,048</u>	<u>283,614</u>

No analysis of profit attributable to shareholders by geographical location is presented as they were generally in line with the distribution of turnover as set out above.

4. Profit before taxation

Profit before taxation in the consolidated income statement was stated after charging and crediting the following items:

	Six months ended 30 September	
	2001 HK\$'000	2000 HK\$'000
After charging –		
Staff costs (including directors' emoluments)	11,093	8,859
Provision for obsolete and slow-moving inventories	–	177
Depreciation of fixed assets	287	890
Operating lease rental of rented premises	2,070	163
Net Exchange loss	52	–
Auditors' remuneration	300	240
	<u> </u>	<u> </u>
After crediting –		
Interest income from bank deposits	682	182
Net exchange gain	–	65
	<u> </u>	<u> </u>

5. Taxation

The Company and its subsidiaries are subject to income taxes on an entity basis on income arising in or derived from the tax jurisdiction in which they operate.

The Company was incorporated under the laws of Bermuda and, under current Bermuda Law, is not subject to tax on profit or on capital gains. The Company has obtained from the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so payable until 28 March 2016.

Provision for taxation for the period ended 30 September 2001 represented provision for Hong Kong profits tax at the rate of 16% (2000–16%) on the estimated assessable profit arising in or derived from Hong Kong.

There is no significant unprovided deferred taxation as at 31 March 2001 and 30 September 2001.

6. Interim dividend

The Board of Directors has declared an interim dividend of HK\$0.025 per ordinary share, totalling HK\$5,000,000 (2000: Nil) for the six months ended 30 September 2001 to shareholders whose names appear on the register of members of the Company on 21 December 2001. The share register of members will be closed from 20 December 2001 to 21 December 2001, both days inclusive. The dividend will be paid on 24 December 2001.

7. Earnings per share

The calculation of basic earnings per share for the six months ended 30 September 2001 was based on the profit attributable to shareholders of approximately HK\$5,147,000 (2000: HK\$24,255,000) and on the weighted average number of 190,984,000 (2000: 150,000,000) shares in issue upon listing on the Stock Exchange on 7 May 2001.

No diluted earnings per share is presented since the Company has no potential dilutive ordinary share.

8. Accounts receivable

An ageing analysis of accounts receivable as at 30 September 2001 is as follows:

	As at 30 September 2001	As at 31 March 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-60 days	31,243	22,011
61-120 days	1,738	1,292
121-180 days	2,091	715
181-365 days	1,227	34
	<u>36,299</u>	<u>24,052</u>

9. Accounts payable

An ageing analysis of accounts payable as at 30 September 2001 is as follows:

	As at 30 September 2001	As at 31 March 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-60 days	16,877	17,430
61-120 days	341	273
121-180 days	109	19
181-365 days	136	167
	<u>17,463</u>	<u>17,889</u>

10. Share Capital

	2001	
	Number of shares	Nominal value
	<i>'000</i>	<i>HK\$'000</i>
Authorised (ordinary share of HK\$0.10 each)		
Upon incorporation (a)	1,000	100
Increase in authorised share capital (b)	1,999,000	199,900
	<u>2,000,000</u>	<u>200,000</u>
As at 30 September 2001		
Issued and fully paid		
Issue of shares upon incorporation (a)	1,000	–
Issue of shares arising from the reorganisation (c)	1,000	200
Issue of shares through public offering and private placement (d)	50,000	5,000
Capitalisation of share premium (e)	148,000	14,800
	<u>200,000</u>	<u>20,000</u>
As at 30 September 2001		

- a. On 11 January 2001, the Company was incorporated with an authorised share capital of HK\$100,000, divided into 1,000,000 shares of HK\$0.10 each. All of these shares were issued and nil paid on 30 January 2001 and were subsequently paid up in the manner described in Note c below.
- b. On 18 April 2001, the Company's authorised share capital was increased from HK\$100,000 to HK\$200,000,000, by the creation of additional 1,999,000,000 shares ranking pari passu with the then existing shares in all respects.
- c. On 18 April 2001, the Company issued 1,000,000 shares which, together with the 1,000,000 shares issued upon incorporation, were credited as fully paid as consideration for the acquisition of the entire issued share capital of Mobicon (BVI) Limited, intermediate holding company.
- d. On 3 May 2001, 50,000,000 shares were issued at HK\$1 per share through a public offering and private placement ("the New Issue"), resulting in cash proceeds of HK\$50,000,000.
- e. Immediately after the New Issue, share premium of approximately HK\$14,800,000 was capitalised by the issuance of 148,000,000 shares of HK\$0.10 each on a pro-rata basis to the Company's shareholders before the New Issue.

The share capital as at 31 March 2001 represented the aggregate amount of the nominal value of the share capital of the companies comprising the Group as at that date.

11. Reserves

Movements in reserves were:

	For the six months ended 30 September 2001		
	Share premium	Capital reserve	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Beginning of period	–	–	–
Premium on issue of ordinary shares	45,000	–	45,000
Share issuance expenses	(13,494)	–	(13,494)
Capitalisation of share premium	(14,800)	–	(14,800)
Effect of the reorganisation	–	800	800
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End of period	<u>16,706</u>	<u>800</u>	<u>17,506</u>