

Notes:

1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with the accounting policies adopted in the annual financial statements for the year ended 31st March, 2001 except for the adoption of certain new Statement of Standard Accounting Practice (“SSAP”) issued by the Hong Kong Society of Accountants (“HKSA”) as described below.

In current period, the Group has adopted, for the first time, the following SSAP’s issued by HKSA:

SSAP 9 (revised)	Events after the balance sheet date
SSAP 14 (revised)	Leases
SSAP 26	Segment reporting
SSAP 28	Provisions, contingent liabilities and contingent assets
SSAP 30	Business combinations
SSAP 31	Impairment of assets

Under SSAP 30 “Business combinations”, goodwill arising from business combinations after 1st January, 2001 is capitalised and amortised over its useful life. The Group has taken advantage of the transitional provisions in SSAP 30 so that goodwill which was previously written off to reserves is not retroactively restated in the financial statements.

Other than SSAP 30, the adoption of the above new accounting standards has no material impact on the reported financial positions or results of the Group.

2. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	(Unaudited)	
	Six months ended	
	30th September,	
	2001	2000
	HK\$’000	HK\$’000
This is arrived at after charging:		
Depreciation on fixed assets	10,415	9,195
Amortisation of deferred development costs	118	5,876
Amortisation of goodwill	248	–
Interest on:		
Bank, supplier and other loans wholly repayable within five years	6,083	4,560
Finance leases	8	188
Bonds	8,317	8,306
Provisions for and write-off of bad and doubtful debts	1,338	13,275
Provisions against inventories	8,758	3,718
Loss on disposal of a subsidiary	–	21,006
and after crediting:		
Interest income	3,780	7,129
Gain on disposal of an associate	561	–
Gain on disposal of a long-term investment	–	82,544
	—————	—————

3. TAX

	(Unaudited)	
	Six months ended	
	30th September,	
	2001	2000
	HK\$'000	HK\$'000
The Group		
– Hong Kong	–	–
– Outside Hong Kong	<u>772</u>	<u>4,783</u>
	<u>772</u>	<u>4,783</u>

No provision for Hong Kong profits tax has been made as the Group had no assessable profit during the current period.

Tax on the profits of subsidiaries and associates operating outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions of operations based on existing legislation, interpretations and practices in respect thereof.

4. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share for the period is based on the loss attributable to shareholders of HK\$17,291,000 (2000: profit of HK\$10,404,000) and the weighted average number of 419,805,795 shares (2000: 403,882,514 shares) in issue during the period.

The diluted loss per share for the period has not been shown because all of the potential ordinary shares of Group outstanding during the period had an anti-dilutive effect on the basic loss per share for the period.

The calculation of diluted earnings per share for the period ended 30th September, 2000 was calculated based on the net profit attributable to shareholders of HK\$10,404,000, after an adjustment of interest saving net of tax of HK\$78,000 and the weighted average number of ordinary shares of 428,004,391 in issue. The weighted average number of shares included (1) a weighted average of 9,266,295 ordinary shares assumed to have been issued at no consideration as if all options, with a dilutive effect, were outstanding during the period ended 30th September, 2000; and (2) a weighted average of 14,855,582 ordinary shares assumed to have been converted from the convertible bonds, with a dilutive effect, were outstanding during the period ended 30th September, 2000.

5. SEGMENTAL INFORMATION

An analysis of Group turnover and contribution/(absorption) to operating profit/(loss) by principal activity and geographical location is as follows:

By principal activity:

	(Unaudited) Turnover		(Unaudited) Contribution/ (absorption)	
	Six months ended		Six months ended	
	30th September,		30th September,	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Systems integration of mid-range computers	374,687	249,812	892	(3,136)
Software development and related services	39,450	14,885	(16,013)	(16,389)
Distribution of computer products	155,268	227,640	2,269	10,784
E-business	15,304	–	8,470	(5,867)
Cabling and intelligent building project (discontinued during last period)	–	7,897	–	(9,862)
Corporate and other activities	2,098	2,718	(103)	49,589
	586,807	502,952	(4,485)	25,119

By geographical location:

	(Unaudited) Turnover		(Unaudited) Contribution/ (absorption)	
	Six months ended		Six months ended	
	30th September,		30th September,	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The People's Republic of China	356,100	180,667	(3,700)	7,420
Singapore	105,856	144,980	(4,532)	6,287
Malaysia	100,888	144,355	2,012	8,221
The Philippines	23,963	32,950	1,735	3,191
	586,807	502,952	(4,485)	25,119

6. DISCONTINUED OPERATIONS

On 27th April, 2000, as a result that Tenfold Profits Company Limited, a wholly-owned investment holding company of Baring Asia Private Equity Fund L.P., exercised in full the rights attaching to the Company's 5% US\$6.5 million Exchangeable Bonds to exchange for 40% interests in Comtech Engineering and Consultant Company Limited ("Comtech") – an original 58% owned subsidiary of the Group, thereby reduced the Group's interests in Comtech to approximately 18%.

Comtech was engaged principally in the cabling and intelligent building businesses in Hong Kong and the PRC. The business of Comtech was accounted for as a subsidiary in the Group's consolidated financial statements until the date of disposal, at which the Group's 40% interest in Comtech was accounted for in arriving at the loss on disposal of a subsidiary.

On 1st August, 2000, the Group further disposed of its remaining approximately 18% interests in Comtech to Netstar International Holdings (BVI) Limited ("Netstar") at a consideration of approximately HK\$115,330,000. The consideration was satisfied by the allotment by Netstar of its shares representing approximately 5.8% of the total issued share capital. The investment in Netstar have been included as the Group's long-term investments and the gain on disposal of 18% interests in Comtech was accounted for in the consolidated profit and loss accounts. Further details of the above transactions were disclosed in the Company's announcement dated 12th June, 2000.

7. ACCOUNTS RECEIVABLE

	(Unaudited) 30th September, 2001 <i>HK\$'000</i>	(Audited) 31st March, 2001 <i>HK\$'000</i>
Current to 30 days	122,099	217,530
31 to 90 days	128,612	79,215
Over 90 days	103,278	69,213
	<u>353,989</u>	<u>365,958</u>

The credit terms granted to the customers vary and are generally based on credit evaluation on the individual customer including credit risks evaluation and the financial strengths of the customer.

8. ACCOUNTS PAYABLE

	(Unaudited) 30th September, 2001 <i>HK\$'000</i>	(Audited) 31st March, 2001 <i>HK\$'000</i>
Current to 30 days	105,686	211,095
31 to 90 days	59,285	12,106
Over 90 days	11,986	20,149
	<u>176,957</u>	<u>243,350</u>

9. ISSUED CAPITAL

During the six months ended 30th September, 2001, 700,000 ordinary shares of HK\$0.1 each were issued pursuant to the exercise of the Company's share option by the holders at various exercise prices and 632,000 shares were repurchased by the Company on The Stock Exchange of Hong Kong Limited with a total consideration of HK\$476,000.

10. CAPITAL COMMITMENT

As at 30th September, 2001, there were no significant capital commitment of the Group.

11. CONTINGENT LIABILITY

As at 30th September, 2001, contingent liabilities of the Group not provided for in the financial statements were as follows:

	(Unaudited) 30th September, 2001 HK\$'000	(Audited) 31st March, 2001 HK\$'000
Export bills discounted with recourse	12,474	–
Guarantees given to banks and suppliers in connection with:		
– facilities granted to a third party	–	18,750
– bank guarantee provided by banks	16,557	4,251
	<u>29,031</u>	<u>23,001</u>

12. PLEDGE OF ASSETS

As at 30th September, 2001, other than the pledged deposits which were disclosed on the balance sheet, there was no material changes in the pledged assets of the Group from the information disclosed in the Group's annual report for the year ended 31st March, 2001.

13. APPROVAL OF THE INTERIM FINANCIAL REPORT

These condensed consolidated interim financial statements were approved by the board of directors on 19th December, 2001.

14. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.