

## BUSINESS REVIEW

For the six months ended 30 September 2001, the Group's turnover decreased by 2% to HK\$371 million in comparison with the same period last year. By excluding the gain on disposal of investment property of HK\$2.9 million, the growth in net profit was 8%. The increase in administrative expenses from HK\$20.6 million to HK\$28.7 million was mainly due to the commencement of operations of two "Nokia Professional Centre" in December 2000 and June 2001 respectively. These two "Centre" have already been contributing profit to the Group. The basis earnings per share was 5.2 cents (six months ended 30 September 2000: HK\$4.0 cents).

### Sale of mobile phones and office telephone systems

The drop of turnover was attributable to the decline in corporate and consumer spending due to depressive economic conditions and high unemployment rate. In order to maintain the market share, we had to lower the selling prices. Subsequently, the gross profit margins were squeezed.

### Connection service

This relates to the referral of customers to network operators for subscription of their network services. The Group will receive commission for such referrals. There was steady growth of profit during the period under review. However, the growth may be curtailed due to the saturation of mobile phone subscription.

### Others

These include the rental income, income from provision of consultancy services to telecommunications companies in PRC, repairs and maintenance services. The profit from these operations have been doubled when compared with the corresponding period last year. We expect that the growth will be sustained.