

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2001

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim accounts (“Interim Accounts”) are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”).

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 30 April 2001, except that the Group has adopted the following new and revised SSAPs which became effective for accounting periods commencing on or after 1 January 2001:

SSAP 9 (revised)	: Events after the balance sheet date
SSAP 14 (revised)	: Leases (effective for periods commencing on or after 1 July 2000)
SSAP 28	: Provisions, contingent liabilities and contingent assets
SSAP 30	: Business Combinations
SSAP 31	: Impairment of assets
SSAP 32	: Consolidated financial statements and accounting for investments in subsidiaries

The adoption of these SSAPs had no material effect on the Group's results except as described below:

SSAP 30: Business combinations

Any goodwill arising on acquisitions after 1 January 2001 will be capitalised and amortised over its estimated useful life. Any negative goodwill arising on acquisitions after 1 January 2001 will be presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

Goodwill on acquisition that occurred prior to 1 January 2001 was either amortised by equal instalments over its estimated useful life or offset against reserves immediately on acquisition. The Group has adopted the transitional provisions in SSAP 30 and such goodwill has not been retrospectively capitalised and amortised. Accordingly, negative goodwill arising on acquisitions prior to 1 January 2001 will be credited to income at the time of disposal of the relevant subsidiary or associate.

2. SEGMENTAL INFORMATION

Business Segments

	Turnover		Contribution to operating results	
	Six months ended		Six months ended	
	31.10.2001	31.10.2000	31.10.2001	31.10.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations-				
Property investment	681	481	(14,866)	60
Discontinuing operations-				
Freight forwarding	—	17,517	—	(1,743)
	<u>681</u>	<u>17,998</u>	<u>(14,866)</u>	<u>(1,683)</u>
Net interest income			4,907	15,205
Write back of provision on other investments			—	1,950
Amortisation of goodwill			(12,750)	—
Provision for diminution in value of investment securities			(83,213)	—
Loan to investee company written off			(5,053)	—
			<u>(110,975)</u>	<u>15,472</u>

Geographical Segments

	Turnover		Contribution to operating results	
	Six months ended		Six months ended	
	31.10.2001	31.10.2000	31.10.2001	31.10.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	46	6,123	(1,004)	(573)
Asia Pacific other than Hong Kong	328	11,185	(7,159)	(1,045)
North America	307	124	(6,703)	(12)
Europe	—	566	—	(53)
	<u>681</u>	<u>17,998</u>	<u>(14,866)</u>	<u>(1,683)</u>

3. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated after crediting and charging the following:

	Six months ended 31 October	
	2001	2000
	HK\$'000	HK\$'000
Crediting:		
Rental income less outgoings	535	360
Write back of trade and other payables	—	6,383
Dividend income from unlisted investments	—	16
Interest income	5,030	15,237
Bad debts recovered	84	1,400
Write back of provision on other investments	—	1,950
Charging:		
Depreciation of property, plant and equipment	1,659	716
Amortisation of goodwill	12,750	—
Provision for diminution in value of investment securities	83,213	—
Loss on disposal of property, plant and equipment	203	—
Loan to investee company written off	5,053	—

4. TAXATION

No provision for Hong Kong profit tax has been made as the Company and its subsidiaries did not derive any assessable profit arising in Hong Kong for the period. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the countries in which the Group operates.

5. DIVIDEND

The directors do not recommend the payment of an interim dividend for the period (2000: nil).

6. (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss per share is based on the Group's net loss for the period of HK\$111,146,000 (2000: profit of HK\$15,347,000) and on the weighted average of 5,839,604,296 (2000: 5,275,272,611) shares in issue during the period.

No amount has been presented for the diluted loss per share for the current period as the effect of the exercise of the company's outstanding share options would have been anti-dilutive.

7. TRADE RECEIVABLES

All trade receivables were aged over 90 days as at the balance sheet date. General credit term granted to debtors is 30 days.

8. TRADE PAYABLES

All trade payables were aged over 90 days as at the balance sheet date.

9. SHARE CAPITAL

	Number of shares	Value HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 30 April 2001 and 31 October 2001	<u>10,000,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
At 1 May 2000	664,778,046	66,478
Placement of new shares	4,961,000,000	496,100
Issue of new shares for acquisition of interest in an investee company	42,765,250	4,276
At 30 April 2001	<u>5,668,543,296</u>	<u>566,854</u>
Issue of new shares for acquisition of interest in an investee company	171,061,000	17,106
At 31 October 2001	<u>5,839,604,296</u>	<u>583,960</u>

On 10 May 2001, the Company issued 171,061,000 new shares at HK\$0.30 each in exchange for 5,131,830,000 new shares of B-Tech (Holdings) Limited ("B-Tech") at HK\$0.01 each.

Share options

Movements in options under the share option scheme adopted by the Company and options granted to several independent investors during the period are as follows:-

	Number of options to subscribe for one ordinary share with an exercise price of HK\$0.10*	
	Share option scheme#	Investors share options##
Balance at 30 April 2001	26,000,000	1,124,000,000
Lapsed during the period	<u>(23,700,000)</u>	<u>—</u>
Balance at 31 October 2001	<u>2,300,000</u>	<u>1,124,000,000</u>

* *subject to adjustment*

The staff share options outstanding at 31 October 2001 will expire at various dates up to the close of business on 31 October 2005.

The investors share options are exercisable at any time within two years from 12 May 2000, the date of issue of such options.

10. RESERVES

	Share premium HK\$'000	Exchan ge reserve HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Other reserve HK\$'000	A c c u m u l a t e d l o s s e s HK\$'000	Total HK\$'000
At 1 May 2000	72,708	(432)	9,389	(98)	—	(126,290)	(44,723)
Translation difference	—	(143)	—	—	—	—	(143)
Share issue expenses	(12,693)	—	—	—	—	—	(12,693)
Issue of new shares	29,936	—	—	—	—	—	29,936
Consideration for share Options granted	—	—	—	—	11,240	—	11,240
Net loss for the year	—	—	—	—	—	(16,253)	(16,253)
At 30 April 2001 and 1 May 2001	89,951	(575)	9,389	(98)	11,240	(142,543)	(32,636)
Issue of new shares	34,212	—	—	—	—	—	34,212
Net loss for the period	—	—	—	—	—	(111,146)	(111,146)
At 31 October 2001	124,163	(575)	9,389	(98)	11,240	(253,689)	(109,570)

11. CONTINGENT LIABILITIES

At 31 October 2001, the Company had outstanding guarantee issued to a third party amounted to approximately HK\$300,000 in respect of facilities granted to a subsidiary previously engaged in freight forwarding business. Though the operations of the subsidiary were discontinued, the guarantee has not been released.

12. OPERATING LEASE COMMITMENTS

At 31 October 2001, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are payable as follows:

	31.10.2001 HK\$'000	30.4.2001 HK\$'000
Within one year	4,240	3,401
In the second to fifth year inclusive	2,093	3,266
	<u>6,333</u>	<u>6,667</u>

13. PLEDGE OF ASSETS

As at 31 October 2001, the Group has pledged certain property, plant and equipment with an aggregate net book value of approximately HK\$7 million (30 April 2001: HK\$7 million) to secure the mortgage loan granted to the Group.

14. RELATED PARTY TRANSACTIONS

Financial advisory fee of HK\$575,625 was paid to Yu Ming Investment Management Limited. Mr. Fung Wing Cheung, a former Director of the Company was a major shareholder and director of Yu Ming Investment Management Limited.

15. POST BALANCE SHEET EVENTS

- (a) On 3 November 2001, E-Online Trading Limited, a wholly-owned subsidiary of the Company, entered into a conditional agreement (the “Agreement”) with an independent third party to sell 29.23% (750,000,000 shares) of the entire issued share capital in B-Tech, a company incorporated in Bermuda with limited liability, in which the Group held approximately 33.3% equity stake for a consideration of HK\$13,125,000. In accordance with the terms started in the Agreement, the Group disposed the remaining 4.1% interest to the public through the Stock Exchange in November 2001. The agreement was completed on 12 December 2001 upon which the Group disposed its entire interest B-Tech.
- (b) On 16 November 2001, the Company entered into an underwriting agreement with UOB Asia (Hong Kong) Limited to issue not less than 291,980,214 rights shares at HK\$0.13 each.
- (c) On 10 December 2001, E-Continental Group Limited, a wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with an independent third party to sell its interests in the entire issued share capital of Extraordinary Services Limited together with the assignment of loan due to the Company for an aggregate consideration of HK\$32,000,001.
- (d) On 28 December 2001, Noble Time Development Inc (“Noble Time”), a wholly-owned subsidiary of the Company, entered into sales and purchase agreement with an independent third party pursuant to which Noble Time agreed to acquire 42% of the issued capital of Newshine Development Limited together with its shareholders’ loan in the sum of HK\$6,889,953 for an aggregate consideration of HK\$40,000,000.
- (e) Pursuant to a special resolution of the Company passed on 31 December 2001, the name of the company was changed from vLink Global Limited to Neo-Tech Global Limited effective from 2 January 2002.

- (f) Pursuant to special and ordinary resolutions regarding capital organisation passed on the Company's special general meeting held on 31 December 2001, the following were approved by the shareholders of the Company:-
- (i) the paid up capital and nominal value of each issued share of the Company ("Share") will be reduced from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 paid-up capital for each issued Share ("the Capital Reduction");
- (ii) HK\$157,330,525 of the credit arising from the Capital Reduction will be used to set-off the accumulated losses of the Company as at 30 April 2001. The balance of HK\$368,233,862 will be transferred to the Company's contributed surplus account;
- (iii) Every 10 shares in the issued capital of the Company after the Capital Reduction were consolidated into 1 consolidated shares of HK\$0.10 each; and
- (iv) The increase in the authorised share capital of the Company from HK\$1,000,000,000 to HK\$2,000,000,000 by the creation of 10,000,000,000 new shares of HK\$0.10 each.

16. COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform with the current year's presentation.