

NOTES TO THE CONDENSED FINANCIAL STATEMENTS ▲

FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2001

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2001, except as described below.

In the current period, the Group has adopted, for the first time, a number of new and revised SSAPs issued by the Hong Kong Society of Accountants. The adoption of these new and revised SSAPs does not have any effect on the current or previous periods’ results.

Segment reporting

In the current period, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 “Segment reporting”. Segment disclosures for the six months ended 31st December, 2000 have been amended so that they are presented on a consistent basis.

3. SEGMENT INFORMATION

Six months ended 31st December, 2001

	Trading of telephone HK\$'000	Trading of computer related products HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE				
External sales	9,914	4,525	–	14,439
Inter-segment sales	<u>792</u>	<u>–</u>	<u>(792)</u>	<u>–</u>
Total revenue	<u>10,706</u>	<u>4,525</u>	<u>(792)</u>	<u>14,439</u>
SEGMENT RESULT	<u>(471)</u>	<u>73</u>	<u>(792)</u>	(1,190)
Other income				61
Unallocated corporate expenses				<u>(3,520)</u>
Loss from operations				<u>(4,649)</u>

Six months ended 31st December, 2000

	Trading of telephone HK\$'000	Trading of computer related products HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE				
External sales		18,888	–	18,888
Inter-segment sales		<u>1,821</u>	<u>(1,821)</u>	<u>–</u>
Total revenue		<u>20,709</u>	<u>(1,821)</u>	<u>18,888</u>
SEGMENT RESULT		<u>2,181</u>	<u>(1,821)</u>	360
Other income				424
Unallocated corporate expenses				<u>(4,427)</u>
Loss from operations				<u>(3,643)</u>

Revenue from the Group's operations was derived principally from Hong Kong and more than 90% of the Group's turnover and contribution to loss from operations are derived from Hong Kong for both periods.

4. LOSS FROM OPERATIONS

The loss from operations has been arrived at after charging (crediting):

	Six months ended	
	31.12.2001	31.12.2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	360	400
Bank interest income	<u>(61)</u>	<u>(417)</u>

5. TAXATION

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries had no assessable profit for either period.

6. DIVIDEND

No dividends were paid during the period and the Directors do not recommend the payment of any interim dividend for the six months ended 31st December, 2001.

7. LOSS PER SHARE

The calculation of the loss per share is based on the net loss for the period of HK\$4,658,000 (31st December, 2000: HK\$3,717,000) and on the weighted average of 664,018,995 (31st December, 2000: on 643,727,663) shares in issue throughout the period.

The computation of diluted loss per share has not assumed the exercise of outstanding share options since their exercise would reduce the loss per share in both periods.

8. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers. A breakdown of trade and other receivables and an aged analysis of trade receivables is as follows:

	31.12.2001	30.6.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
0-30 days	2,228	829
31-60 days	170	745
> 60 days	400	-
	2,798	1,574
Deposits and prepayments	93	87
	2,891	1,661

9. TRADE AND OTHER PAYABLES

A breakdown of trade and other payables and an aged analysis of trade payables is as follows:

	31.12.2001	30.6.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
0-30 days	1,083	577
31-60 days	3	95
> 60 days	44	200
	1,130	872
Other payables and accrued charges	496	536
	1,626	1,408

10. SHARE CAPITAL

	Number of shares		Amount	
	31.12.2001	30.6.2001	31.12.2001 <i>HK\$ '000</i>	30.6.2001 <i>HK\$ '000</i>
Ordinary shares of HK\$0.1 each				
Authorised:				
At beginning and at end of the period/year	<u>1,500,000,000</u>	<u>1,500,000,000</u>	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:				
At beginning of the period/year	643,727,663	643,727,663	64,373	64,373
Placing of ordinary shares	<u>128,745,000</u>	<u>–</u>	<u>12,874</u>	<u>–</u>
At end of period/year	<u>772,472,663</u>	<u>643,727,663</u>	<u>77,247</u>	<u>64,373</u>

On 6th November, 2001, Pioneer Wealth Limited, the substantial shareholder of the Company, placed 108,000,000 existing ordinary shares of HK\$0.10 each in the Company to independent investors at a price of HK\$0.15 each and subscribed for 128,745,000 new ordinary shares of HK0.10 each in the Company at a price of HK\$0.15 each. These new ordinary shares were allotted on 6th November, 2001 and issued for the purpose of raising additional working capital.

All ordinary shares issued by the Company during the period rank pari passu with the then existing shares in all respects.

11. RESERVES

	Share premium <i>HK\$ '000</i>	Capital reserve <i>HK\$ '000</i>	Deficit <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
At 1st July, 2000	31,777	(400)	(65,210)	(33,833)
Net loss for the year	<u>–</u>	<u>–</u>	<u>(9,194)</u>	<u>(9,194)</u>
At 30th June, 2001	31,777	(400)	(74,404)	(43,027)
Premium arising from share issue	6,436	–	–	6,436
Share issue expenses	(406)	–	–	(406)
Net loss for the period	<u>–</u>	<u>–</u>	<u>(4,658)</u>	<u>(4,658)</u>
At 31st December, 2001	<u>37,807</u>	<u>(400)</u>	<u>(79,062)</u>	<u>(41,655)</u>

12. PLEDGE OF ASSETS

The Group has pledged bank deposits of approximately HK\$2,018,000 (30th June, 2001: HK\$2,012,000) to secure general bank facilities granted to the Group.