



## BUSINESS REVIEW

For the six months ended 30 September 2002, the Group's net profit was HK\$6.7 million (1.4.2001 – 30.9.2001: HK\$16.7 million) and the basic earnings per share was HK1.56 cents (1.4.2001 – 30.9.2001: HK5.24 cents).

### Sale of mobile phones

Although the turnover has increased by approximately 11% for this segment, the profit has decreased from HK\$ 7.6 million to HK\$ 3.2 million. Due to the keen market competition, we had to lower the selling prices in order to maintain the market share. As a result, the gross profit margin was squeezed. As mentioned in our last Annual Report, we have set up a retail chain for sales of mobile phones and related products under the trading name of "Circle" in various MTR stations since February 2002. Up to 30 September 2002, eight shops have been opened. The start-up costs and low turnover during the initial period of the operation have further eroded the profit.

### Sale of office telephone systems

During the reporting period, the economic conditions did not have any sign for improvement. The corporate was reluctant to spend or expand. This led to the drop in both turnover and profit.

### Connection services

This relates to the referral of customers to network operators for subscription of their network services. The Group will receive commission for such referrals. Due to the saturation of the market, the number of subscribers has significantly decreased. In addition, the commission rates paid by the network operators have been greatly reduced. All these factors rendered us to incur a loss of HK\$0.2 million.

### Property investment

Due to the sale of a property last year and the decrease in overall rental, the profit from this segment has been decreased by approximately 50% to HK\$0.6 million (1.4.2001 – 30.9.2001: HK\$1.2 million).

### Other activities

These included the repairs and maintenance services and the provision of consultancy services. The profit from these operations has grown by approximately 70% to HK\$3.7 million. The reluctance of the customers to replace the existing equipment led to the increase in demand of the repairs and maintenance services.