

HyComm Wireless Limited

Notes:–

(1) Significant accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in compliance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” and Appendix 16 of the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange of Hong Kong Limited (“Listing Rules”). The same principal accounting policies and basis of presentation are followed in these interim financial statements as compared with the published annual financial statements for the year ended 31 March 2002 except that the Group has changed certain of its accounting policies following the adoption of the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised)	Presentation of financial statement
SSAP 11 (revised)	Foreign currency translation
SSAP 15 (revised)	Cash flow statements
SSAP 25 (revised)	Interim financial reporting
SSAP 33	Discontinuing operation
SSAP 34	Employee benefits

The adoption of these new or revised SSAPs has no material effect on the results of the Group in both accounting periods, other than a change in the format of presentation of the cash flow statements and the statement of changes in equity.

(2) Segmental information

The Group’s turnover and contribution therefrom for the period is analysed as follows:

	Turnover		Contribution to loss from operations	
	Six months ended 30 September		Six months ended 30 September	
	2002	2001	2002	2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
CONTINUING OPERATIONS				
Sale of properties	–	16,540	–	3,180
Gross rental income from investment properties	4,421	5,156	3,363	1,886
Sales of goods and services	376	318	(1,252)	310
DISCONTINUING OPERATIONS				
Property management service income	–	3,931	–	819
Construction and decoration service	–	9,468	–	3,575
Property agency fee	–	132	–	(376)
	<u>4,797</u>	<u>35,545</u>	<u>2,111</u>	9,394
Unallocated corporate expenses			(3,831)	(1,826)
Amortisation of goodwill			(6,193)	–
Impairment loss recognised in respect of investments in securities			–	(9,318)
Loss from operations			<u>(7,913)</u>	<u>(1,750)</u>

All of the activities of the Group are based in the People’s Republic of China (the “PRC”) and all of the Group’s turnover and the loss from operations are derived from the PRC, including Hong Kong.

Interim Report 2002/2003

HyComm Wireless Limited

(3) Loss from operations

The Group's loss from operations is arrived at after charging:

	Six months ended 30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of properties sold	-	12,737
Directors' remuneration	2,694	2,670
Depreciation and amortisation	304	388
	<u>304</u>	<u>388</u>

(4) Finance costs

	Six months ended 30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Finance costs comprise of:		
Interest expense on:		
Bank borrowings wholly repayable within five years	349	1,941
Bank borrowings wholly repayable more that five years	1,958	1,402
Convertible debentures	-	289
Hire purchase contracts	-	6
Amortisation of expenses incurred in connection with the issue of convertible debentures	-	681
Premium paid on redemption of convertible debentures	-	1,209
	<u>2,307</u>	<u>5,528</u>

(5) Taxation

Hong Kong Profits Tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the period.

HyComm Wireless Limited

(6) Loss per share

The calculation of the basic loss per share is based on the net loss for the period of HK\$10,446,000 (2001: HK\$31,964,000) and on the weighted average number of 1,771,024,261 shares (2001: 1,401,959,002 shares) in issue during the period.

Diluted loss per share for the six months ended 30 September 2002 has not been presented because no potential dilutive ordinary share existed during the period.

The computation of diluted loss per share does not assume the exercise of the Company's outstanding convertible debentures as their exercise would result in a decrease in net loss per share for six months ended 30 September 2001.

(7) Debtors, deposits and prepayments

The credit terms are negotiated with and entered into under normal commercial terms. Monthly rent is payable in advance by the tenants. Included in debtors, deposits and prepayment are trade debtors of HK\$152,000 (31 March 2002: HK\$64,000). The aging analysis of trade debtors is as follows:

	As at 30 September 2002 (Unaudited) HK\$'000	As at 31 March 2002 (Audited) HK\$'000
Current	152	54
Over 1 month but less than 3 months	-	10
Over 3 months	-	-
Total	<u>152</u>	<u>64</u>

Included in debtors, deposits and prepayments at 30 September 2002 are i) amounts due from Mr. Lai Yiu Keung ("Mr. Lai"), a director of the Company, amounting to HK\$15,576,000, of which, an amount of HK\$14,949,000 which represents the balance of consideration receivable from Mr. Lai in connection with the disposal of certain subsidiaries to Mr. Lai; and ii) amounts due from Plotio Investment (HK) Limited, a related company in which Mr. Lai has beneficial interest, amounting to HK\$1,371,000. Particulars of the amounts due from Mr. Lai and Plotio Investment (HK) Limited, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

Name	Balance at 30 September 2002 (Unaudited) HK\$'000	Balance at 1 April 2002 (Unaudited) HK\$'000	Maximum amount outstanding during the period (Unaudited) HK\$'000
Mr. Lai	15,576	19,616	19,616
Plotio Investment (HK) Limited	1,371	3,336	3,336
	<u>16,947</u>	<u>22,952</u>	<u>22,952</u>

HyComm Wireless Limited

(8) Creditors and accrued charges

Included in creditors and accrued charges are trade creditors of HK\$457,000 (31 March 2002: HK\$Nil). The aging analysis of trade creditors is as follows:

	As at 30 September 2002 (Unaudited) HK\$'000	As at 31 March 2002 (Audited) HK\$'000
Current	457	–
Over 1 month but less than 3 months	–	–
Over 3 months	–	–
	<hr/>	<hr/>
Total	457	–
	<hr/> <hr/>	<hr/> <hr/>

(9) Borrowings

	As at 30 September 2002 (Unaudited) HK\$'000	As at 31 March 2002 (Audited) HK\$'000
Bank loans, secured	100,786	104,245
Bank overdrafts, secured	10,583	9,980
	<hr/>	<hr/>
	111,369	114,225
	<hr/> <hr/>	<hr/> <hr/>
The maturity of borrowings is as follows:		
Within one year or on demand	17,495	16,955
More than one year, but not exceeding two years	8,262	7,259
More than two years, but not exceeding five years	29,286	29,960
More than five years	56,326	60,051
	<hr/>	<hr/>
	111,369	114,225
Amount due within one year or on demand included in current liabilities	(17,495)	(16,955)
	<hr/>	<hr/>
Amount due after one year	93,874	97,270
	<hr/> <hr/>	<hr/> <hr/>

HyComm Wireless Limited

(10) Share capital

	As at 30 September 2002 (Unaudited)	
	Number of shares	HK\$'000
Authorised:		
Shares of HK\$0.10 each	<u>3,000,000,000</u>	<u>300,000</u>
Issued and fully paid:		
At 1 April 2002	1,624,139,015	162,414
Issued as consideration for the acquisition of associated companies	<u>630,000,000</u>	<u>63,000</u>
At 30 September 2002	<u>2,254,139,015</u>	<u>225,414</u>

During the period, 630,000,000 shares of HK\$0.10 each in the Company were issued at par as consideration for the acquisition of certain associated companies.

(11) Related party transactions

The Group entered into the following transactions with related parties during the six months ended 30 September 2002:

		Six months ended 30 September	
		2002 (Unaudited)	2001 (Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Rental income received from (paid to)			
Plotio Investment (HK) Limited	<i>a</i>	(300)	-
King Alliance Limited	<i>b</i>	-	480
Service fee received from (paid to)			
Plotio Property and Management Company Limited	<i>a</i>	78	-
Plotio Property and Management Company Limited	<i>a</i>	(66)	-
Plotio Property Consultants Limited	<i>a</i>	(54)	-
Keung Kee Cleaning Services Company Limited	<i>a</i>	(46)	-
Lee Wai Engineering Company Limited	<i>a</i>	(35)	-
Monchase Underwriters Limited	<i>a</i>	(66)	-
T.K. Tsui & Associates	<i>c</i>	<u>-</u>	<u>362</u>

HyComm Wireless Limited

(11) Related party transactions *(continued)*

Note:—

- a. Plotio Investment (HK) Limited, Plotio Property and Management Company Limited, Plotio Property Consultants Limited, Keung Kee Cleaning Services Company Limited, Lee Wai Engineering Company Limited and Monchase Underwriters Limited are companies beneficially held by Mr. Lai Yiu Keung, executive director of the Company.
- b. King Alliance Limited is an associated company of the Group.
- c. T.K. Tsui & Associates is company directly held by Mr. Tsui Tack Kong, non-executive director of the Company.

(12) Comparative figures

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

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2002 (2001: nil).

BUSINESS REVIEW AND PROSPECTS

During the six months ended 30 September 2002, the Group was principally engaged in the business of property investment and trading of communication products. The Group recorded turnover for the period of approximately HK\$4.8 million and net loss for the period of approximately HK\$10.4 million. Net loss for the period is mainly attributable to amortisation of goodwill during the period under review.

Business review

During the period under review, the decrease in turnover by about HK\$31 million is mainly attributable to the income related to property related services and certain property development projects contributing to the Group up to 30 June 2001 but no such contribution for the period. The decrease in loss for the period by about HK\$22 million was due to impairment loss and loss on disposal of subsidiaries for six months ended 30 September 2001 did not occurred this period. The investment properties have continued to contribute the most to the Group and the Group's properties under development were still in a very preliminary stage.