

Notes:

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim accounts ("Interim Accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants, and Appendix 16 of the Listing Rules.

The accounting policies and methods of computation used in the preparation of these Interim Accounts are consistent with those used in the annual accounts for the year ended 30 June 2003.

2. TURNOVER AND SEGMENTAL INFORMATION

Analysis of turnover and contribution to loss from operations by principal activities and geographical locations is as follows:

	Turnover for the six months ended 31 December		Contribution to loss from operations for the six months ended 31 December	
	2003 Unaudited HK\$'000	2002 Unaudited HK\$'000	2003 Unaudited HK\$'000	2002 Unaudited HK\$'000
By principal activities:				
Trading of multi-media and communication products	<u>34,150</u>	<u>23,319</u>	<u>2,818</u>	<u>536</u>
	<u>34,150</u>	<u>23,319</u>	<u>2,818</u>	<u>536</u>
Other group expenses net of other income			<u>(6,562)</u>	<u>(10,315)</u>
			<u>(3,744)</u>	<u>(9,779)</u>
By geographical locations:				
The Hong Kong Special Administrative Region ("Hong Kong")	<u>15,250</u>	<u>3,872</u>	<u>1,258</u>	<u>89</u>
Other parts in the People's Republic of China ("PRC")	<u>18,900</u>	<u>19,447</u>	<u>1,560</u>	<u>447</u>
	<u>34,150</u>	<u>23,319</u>	<u>2,818</u>	<u>536</u>
Other group expenses net of other income			<u>(6,562)</u>	<u>(10,315)</u>
			<u>(3,744)</u>	<u>(9,779)</u>

3. LOSS FROM OPERATIONS

Loss from operations is stated after charging the following items:

	For the six months ended 31 December	
	2003	2002
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Charging:		
Staff cost (including directors' emoluments)	3,214	1,302
Depreciation	86	73
Amortisation of goodwill	2,000	2,000
	<u> </u>	<u> </u>

4. TAXATION

No provision for Hong Kong profits tax and overseas income tax has been made since there is no estimated assessable profit derived from Hong Kong and overseas for the period.

5. LOSS PER SHARE

Calculation of basic loss per share for the period ended 31 December 2003 is based on the loss attributable to shareholders of approximately HK\$4,451,000 (2002: HK\$10,304,000) and on 6,174,916,922 (2002: 563,894,004) ordinary shares in issue during the period.

Diluted loss per share is not shown for both periods ended 31 December 2003 and 2002 as the effect of the potential ordinary shares outstanding during these two periods would be anti-dilutive.

6. INTERIM DIVIDEND

The Board of Directors does not recommend declaring any interim dividend for the six months ended 31 December 2003 (2002: Nil).

7. ACCOUNTS RECEIVABLE

All of the accounts receivable are stated net of provision of bad and doubtful debts and are expected to be recovered within one year. The aging analysis is as follows:

	31 December	30 June
	2003	2003
	Unaudited	Audited
	HK\$'000	HK\$'000
0 – 90 days	2,936	1,895
91 – 180 days	570	–
Over 181 days	3,568	3,538
	<hr/> 7,074 <hr/>	<hr/> 5,433 <hr/>

8. ACCOUNTS AND BILLS PAYABLE

All of the accounts payable are expected to be settled within one year. The aging analysis is as follows:

	31 December	30 June
	2003	2003
	Unaudited	Audited
	HK\$'000	HK\$'000
0 – 90 days	4,462	9,869
91 – 180 days	1,875	2
Over 181 days	7,890	7,881
	<hr/> 14,227 <hr/>	<hr/> 17,752 <hr/>
Bills payable	9,138	8,381
	<hr/> 23,365 <hr/>	<hr/> 26,133 <hr/>

9. SHARE CAPITAL

	31 December 2003 Unaudited		30 June 2003 Audited	
	No. of shares (‘000)	HK\$’000	No. of shares (‘000)	HK\$’000
	Authorised:			
Ordinary shares of HK\$0.01 each	600,000,000	600,000	600,000,000	600,000
Issued and fully paid:				
Beginning of period/year	6,174,917	61,749	563,894	5,639
Issued upon settlement of debts			2,111,023	21,110
Issue of shares	-	-	3,500,000	35,000
End of period/year	6,174,917	61,749	6,174,917	61,749

10. RESERVES

	Share premium HK\$’000	Capital reserve HK\$’000	Accumulated losses HK\$’000	Total HK\$’000
Beginning of period (audited)	293,907	(100)	(298,817)	(5,010)
Net loss for the period	-	-	(4,451)	(4,451)
End of period (unaudited)	293,907	(100)	(303,268)	(9,461)

11. SHARE OPTIONS

On 1 July 1993, the company approved a share option scheme under which the directors may, at their discretion, at any time during ten years from the date of approval, invite any eligible employee of the group to take up options to subscribe for shares of the company. Such options will lapse on the voluntary resignation or termination of any eligible employee's employment in accordance with the termination provision of his contract of employment other than by reason of redundancy. The maximum number of shares on which options may be granted may not exceed 10% of the share capital in issue at the time of grant. The aforesaid share option scheme became effective upon the listing of the company's shares and warrants on The Stock Exchange of Hong Kong Limited on 21 July 1993. The share option scheme expired on 30 June 2003 and there was no share option outstanding at 31 December 2003.

On 19 March 2002, the company entered an option agreement with a related company. On the same date, a resolution passed and resolved that there were 2,000 million of share options with the exercise price HK\$0.01 per share had granted to the related company only if the related company fulfilled certain conditions specified in the agreement. Mr. Ke Jun Xiang, a director of the company, is the beneficial owner of the related company.

The option agreement would be valid on the date of fulfillment of conditions specified in the agreement. The specified conditions were fulfilled and completed on 16 May 2003. The 2,000 million options were exercisable at HK\$0.01 per share within twelve months from 16 May 2003.

12. PLEDGE OF ASSETS

At 31 December 2003, the Group did not have any pledge of assets.

13. CAPITAL COMMITMENTS

On 19 March 2002, the Company and the vendor of Micky Enterprises Limited ("Micky") entered into a sales and purchase agreement for the purchase of 49% of the issued share capital of Micky at a consideration of HK\$25 million, the consideration was to be satisfied by the issue of 25,000,000 of convertible bonds at HK\$1 each. The agreement was subsequently terminated on 31 July 2003. At 31 December 2003, the Group did not have any capital commitment.

14. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in these unaudited financial statements, the Group did not have other material transaction with related parties during the period.

15. CONTINGENT LIABILITIES

At 31 December 2003, the Group had contingent liabilities approximately HK\$93 million in respect of the disputed claims against the Group for outstanding loans and service fees. Details of the Group's contingent liabilities are set out in the Company's circulars dated 2 August 2002 and 28 November 2002. The Company also has contingent liabilities in respect of legal proceedings commenced by Goldhill Holdings for damages claim for fraudulent misrepresentation.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated to conform with the presentation in the current period.