

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated 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 (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property, which is measured at a revalued amount.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards (HKASs) and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of these new HKFRSs did not have any material impact on how the financial statements of the Group are prepared and presented for the current or prior accounting period.

Potential impact of new standards not yet effective

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Group is still not in the position to reasonably estimate the impact that may arise from the application of these new standards, amendments or interpretations.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC)-Int 8	Scope of HKFRS 2 ³
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

3. SEGMENT INFORMATION

For the six months ended 30 June 2006 and 30 June 2005, substantially all turnover and contribution to profit from operations of the Group were derived from the distribution and trading of mobile phones. In addition, no geographical market analysis is provided as substantially all turnover and contribution to profit from operations of the Group were derived from the PRC (including Hong Kong) and substantially all the assets are located in the PRC (including Hong Kong).

4. PROFIT BEFORE TAXATION

	1.1.2006 to 30.6.2006 HK\$'000	1.1.2005 to 30.6.2005 HK\$'000
Profit before taxation has been arrived at after charging:		
Auditors' remuneration	500	411
Depreciation on		
– owned assets	193	332
– assets held under finance leases	–	78
Staff costs	15,787	19,839

5. INCOME TAX EXPENSE

	1.1.2006 to 30.6.2006 HK\$'000	1.1.2005 to 30.6.2005 HK\$'000
The charge comprises:		
– Hong Kong Profits Tax	–	861
– PRC Enterprise Income Tax	4,945	2,236
	4,945	3,097
Deferred tax	18	–
	4,963	3,097

Hong Kong Profits Tax has not been provided for the period as the companies within the Group had no estimated assessable profits in Hong Kong (2005: 17.5% of the estimated assessable profits).

PRC Enterprise Income Tax represents taxation charges on the assessable profits of the Company's subsidiaries, Fortune (Shanghai) International Trading Co., Ltd. ("Fortune Shanghai") and 上海遠嘉國際貿易有限公司 ("上海遠嘉"), established in Shanghai Waigaoqiao Free Trade Zone, the PRC. Fortune Shanghai and 上海遠嘉 are entitled to a preferential PRC Enterprise Income Tax rate of 15% which is granted to companies established in Shanghai Waigaoqiao Free Trade Zone.

6. DIVIDEND

	1.1.2006 to 30.6.2006 HK\$'000	1.1.2005 to 30.6.2005 HK\$'000
The final dividend of HK 1 cent per share for the year ended 31 December 2005 (2005: final dividend of HK 3.75 cents per share for the nine months ended 31 December 2004)	3,021	11,329

The final dividend of HK 1 cent per share for the year ended 31 December 2005 (2005: HK 3.75 cents per share for the nine months ended 31 December 2004) has been approved by shareholders in annual general meeting and was subsequently paid on 28 July 2006.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's profit attributable to equity holders of the parent for the six months ended 30 June 2006 of HK\$17,734,000 (2005: HK\$6,652,000) and on the weighted average number of 302,100,000 shares (2005: 302,100,000 shares) in issue during the period.

8. TRADE AND OTHER RECEIVABLES

The Group allows credit period ranged from 30 to 90 days to some of its trade customers. The following is an aging analysis of the trade receivables (net of allowance):

	As at 30 Jun 2006 HK\$'000	As at 31 Dec 2005 HK\$'000
Trade receivables:		
– 0 to 30 days	81,490	46,498
– 31 to 90 days	37,538	30,466
– Over 90 days	6,629	2,513
	125,657	79,477
Value-added-tax receivables	50,473	1,815
Rebates receivables	54,603	28,930
Deposits and prepayments	37,095	19,878
	267,828	130,100

9. TRADE AND OTHER PAYABLES

The following is an aging analysis of the trade payables:

	As at 30 Jun 2006 HK\$'000	As at 31 Dec 2005 HK\$'000
Trade payables:		
– 0 to 30 days	6,260	5,567
– 31 to 90 days	5,537	1,102
– Over 90 days	424	417
	12,221	7,086
Other payables	24,379	19,073
	36,600	26,159

10. BANK BORROWINGS

	As at 30 Jun 2006 HK\$'000	As at 31 Dec 2005 HK\$'000
Bank borrowings comprise:		
Bank loans	494,538	271,692
Trust receipt loans	3,834	–
	498,372	271,692
Analysed as		
– secured	254,615	84,231
– unsecured	243,757	187,461
	498,372	271,692
The bank borrowings are repayable as follows:		
– Within one year or on demand	409,972	271,692
– More than one year, but not exceeding two years	49,600	–
– More than two years, but not exceeding five years	38,800	–
	498,372	271,692
Less: Amount due within one year shown under current liabilities	(409,972)	(271,692)
Amount due after one year	88,400	–

11. SHARE CAPITAL

	No. of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 31 December 2005 and 30 June 2006	1,000,000,000	100,000
Issued and fully paid		
At 31 December 2005 and 30 June 2006	302,100,000	30,210