

Consolidated Statement of Recognised Gains and Losses

		Unaudited	
		Six months ended 31st March	
	Note	2002 HK\$'000	2001 HK\$'000
Deficit on revaluation of investment securities		—	(11,674)
Exchange differences arising on translation of subsidiaries and a jointly controlled entity		—	(8)
Net losses not recognised in the profit and loss account		—	(11,682)
Investment revaluation reserve transferred to the profit and loss account upon impairment of investment securities	10	418	—
Profit for the Period		243,269	222,313
Total recognised gains		243,687	210,631

Notes:

1. Principal accounting policies

These unaudited interim financial statements are prepared in accordance with the Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 30th September, 2001, except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January, 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 26	:	Segment reporting

(a) SSAP 9 (revised), Events after the balance sheet date

In accordance with the SSAP 9 (revised), the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

The opening retained earnings of the Group at 1st October, 2000 and 2001 have respectively increased by HK\$100,628,000 and HK\$95,046,000, being the reversal of the provision of the proposed final dividend for the respective year which were previously recorded as a liability on the balance sheet date (note 10).

(b) SSAP 26, Segment reporting

In note 2 below, the Group has disclosed segment revenue and results as defined under SSAP 26. In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

2. Turnover and segment information

- (a) The Group is principally engaged in the trading of telecommunication products. An analysis of the Group's turnover and results for the respective six months periods ended 31st March, 2002 and 2001 by principal activities are as follows:-

	Trading of telecommunication equipment		Television programme syndication and events management		Group	
	Unaudited six months ended 31st March					
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	2,815,878	1,961,542	—	—	2,815,878	1,961,542
Segment results	347,995	290,628	(14,446)	(25,416)	333,549	265,212
Interest income					11,259	19,247
Unallocated costs					(57,110)	(38,347)
Operating profit					287,698	246,112
Finance costs					(5,998)	(80)
Share of loss of a jointly controlled entity					(563)	(7)
Profit before taxation					281,137	246,025
Taxation					(44,947)	(36,166)
Minority interests			7,079	12,454	7,079	12,454
Profit attributable to shareholders					243,269	222,313

- (b) An analysis of the Group's turnover and results for the respective six months periods ended 31st March, 2002 and 2001 by geographical segments are as follows:

	Mainland China		Hong Kong		Taiwan		Group	
	Unaudited six months ended 31st March		Unaudited six months ended 31st March		Unaudited six months ended 31st March		Unaudited six months ended 31st March	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	1,608,923	1,735,089	1,109,525	217,413	97,430	9,040	2,815,878	1,961,542
Segment results	191,417	238,534	134,902	26,604	7,230	74	333,549	265,212
Interest income							11,259	19,247
Unallocated costs							(57,110)	(38,347)
Operating profit							287,698	246,112
Finance costs							(5,998)	(80)
Share of loss of a jointly controlled entity	(563)	(7)	—	—	—	—	(563)	(7)
Profit before taxation							281,137	246,025
Taxation							(44,947)	(36,166)
Profit after taxation							236,190	209,859
Minority interests							7,079	12,454
Profit attributable to shareholders							243,269	222,313

3. Operating profit

Unaudited Six months ended 31st March

Operating profit is stated after crediting and charging the following:-

Crediting

Gain on disposal of trading investments	—	391
Realised exchange gain on investment in foreign exchange instruments	6,968	19,758

Charging

Depreciation of owned fixed assets	2,638	2,413
Depreciation on fixed assets held under hire purchase contracts	12	34
Impairment on investment securities	1,528	—
Loss on disposal of fixed assets	614	2,921
Loss on disposal of trading investments	56	—

4. Taxation

	Unaudited Six months ended 31st March	
	2002 HK\$'000	2001 HK\$'000
The taxation charge comprises:		
Hong Kong profits tax	32,845	14,427
Overseas taxation	14,976	26,341
Overprovision in prior period	(2,874)	(4,602)
	<u>44,947</u>	<u>36,166</u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits of companies within the Group operating in Hong Kong for the Period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the Period at the rates of taxation prevailing in the countries in which the Group operates.

5. Dividends

	Unaudited Six months ended 31st March	
	2002 HK\$'000	2001 HK\$'000
2001 final, paid, of HK\$0.020 (2000 final: HK\$0.022) per ordinary share (note (i))	95,046	100,628
Additional final dividends from the previous year paid	736	189
	<u>95,782</u>	<u>100,817</u>
2002 interim, proposed, of HK\$0.018 (2001 interim: HK\$0.017) per ordinary share (note (ii))	<u>92,987</u>	<u>78,414</u>

Notes:

- (i) The previously recorded final dividends proposed and declared after the balance sheet date but accrued in the financial statements for the years ended 30th September, 2000 and 2001 were HK\$100,628,000 and HK\$95,046,000 respectively. Under the Group's new accounting policy as described in note 1(a), these have been written back against opening reserves as at 1st October, 2000 and 2001 respectively and are now charged in the period in which they were proposed and declared.
- (ii) At a meeting held on 19th June, 2002, the directors of the Company (the "Directors") declared an interim dividend of HK\$0.018 per share. The interim dividend will be payable on 16th August, 2002 to shareholders whose names appear on the register of members of the Company not later than 5:00 p.m. on 2nd August, 2002. This proposed dividend is not reflected as a dividend payable in these interim condensed financial statements, but will be reflected as an appropriation of retained earnings for the year ending 30th September, 2002.

6. Earnings per share

The calculation of basic and diluted earnings per share is based on the Group's profit attributable to shareholders of HK\$243,269,000 (2001: HK\$222,313,000).

The basic earnings per share is based on the weighted average of 4,770,019,130 (2001: 4,577,445,449) ordinary shares in issue during the Period on the assumption that the subdivision of 1 share of HK\$0.10 each into 10 shares of HK\$0.01 each (note 9(b)) had been completed on 1st October, 2000. The fully diluted earnings per share is based on 4,981,040,027 (2001: 4,746,504,548) ordinary shares which is the weighted average number of ordinary shares in issue during the Period plus the weighted average of 211,020,897 (2001: 169,059,099) ordinary shares deemed to be issued at no consideration if all outstanding warrants and options had been exercised, and on the assumption that the subdivision of 1 share of HK\$0.10 each into 10 shares of HK\$0.01 each (note 9(b)) had been completed on 1st October, 2000.

7. Trade receivables

The analysis of the ageing of the trade receivables as at 31st March, 2002 is as follows:

	Unaudited 31st March, 2002 HK\$'000	Audited 30th September, 2001 HK\$'000
Within 1 month	407,960	391,648
2 months	167,215	238,728
3 months	220,771	105,725
Over 3 months	123,220	38,626
Less: provision	(37,614)	(28,128)
	<u>881,552</u>	<u>746,599</u>

The normal credit period granted to the customers of the Group is up to 90 days, except for sales made to certain credit-worthy customers as approved by senior management of the Group, for whom a slightly longer credit period may be granted.

8. Trade and bills payables

	Unaudited 31st March, 2002 HK\$'000	Audited 30th September, 2001 HK\$'000
Trade payables	—	105,413
Bills payables	680,604	651,216
	<u>680,604</u>	<u>756,629</u>

Trade and bills payables of the Group as at 31st March, 2002 and 30th September, 2001 were normally required to be settled within 120 days. All of the trade payables of the Group as at 31st March, 2002 and 30th September, 2001 were aged less than 30 days.

9. Share capital

	Unaudited 31st March, 2002		Audited 30th September, 2001	
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
Authorised				
Ordinary shares of HK\$0.01 each	<u>20,000,000</u>	<u>200,000</u>	<u>20,000,000</u>	<u>200,000</u>
Issued and fully paid				
Ordinary shares of HK\$0.01 each	<u>4,904,050</u>	<u>49,041</u>	<u>4,751,873</u>	<u>47,518</u>

- (a) There had been no material change in the capital structure of the Group since 30th September, 2001, except for the exercise of warrants by certain shareholders of the Company.
- (b) As a result of the subdivision of the issued and unissued ordinary share capital of the Company in August 2001, every ordinary share of HK\$0.10 were sub-divided into ten ordinary shares of HK\$0.01 each; consequently, the dividend per share and earnings per share in the previous period have been restated (notes 5 and 6).
- (c) Subsequent to the Period end, as a result of the exercise of warrants by certain shareholders of the Company, approximately 261,924,000 ordinary shares of HK\$0.01 each were issued.

10. Reserves

	Six months ended 31st March, 2002						Total HK\$'000
	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange difference reserve HK\$'000	Retained earnings HK\$'000	
At 1st October, 2001	246,476	2,450	160	(418)	93	761,066	1,009,827
Effect of adopting SSAP 9 (revised) (note 1(a))	—	—	—	—	—	95,046	95,046
	<u>246,476</u>	<u>2,450</u>	<u>160</u>	<u>(418)</u>	<u>93</u>	<u>856,112</u>	<u>1,104,873</u>
Issue of shares pursuant to the exercise of warrants	33,483	—	—	—	—	—	33,483
Investment revaluation reserve transferred to the profit and loss account upon impairment of investment securities	—	—	—	418	—	—	418
Profit for the Period retained	—	—	—	—	—	243,269	243,269
2001 final dividend paid	—	—	—	—	—	(95,782)	(95,782)
	<u>279,959</u>	<u>2,450</u>	<u>160</u>	<u>—</u>	<u>93</u>	<u>1,003,599</u>	<u>1,286,261</u>
At 31st March, 2002							
Representing:							
Reserves							1,193,274
2002 proposed interim dividend							92,987
							<u>1,286,261</u>

	Year ended 30th September, 2001						Total HK\$'000
	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange difference reserve HK\$'000	Retained earnings HK\$'000	
At 1st October, 2000	216,374	2,450	160	(11,303)	(95)	459,439	667,025
Effect of adopting SSAP 9 (revised) (note1(a))	—	—	—	—	—	100,628	100,628
	216,374	2,450	160	(11,303)	(95)	560,067	767,653
Issue of shares pursuant to the exercise of warrants	2,472	—	—	—	—	—	2,472
Issue of shares pursuant to the exercise of options	28,302	—	—	—	—	—	28,302
Deficit on revaluation of investment securities	—	—	—	(10,918)	—	—	(10,918)
Goodwill eliminated	(672)	—	—	—	—	—	(672)
Investment revaluation reserve transferred to the profit and loss account upon impairment of investment securities	—	—	—	21,803	—	—	21,803
Exchange differences	—	—	—	—	188	—	188
Profit for the year retained	—	—	—	—	—	475,308	475,308
2000 final dividend paid	—	—	—	—	—	(100,817)	(100,817)
2001 interim dividend paid	—	—	—	—	—	(78,446)	(78,446)
At 30th September, 2001	246,476	2,450	160	(418)	93	856,112	1,104,873
Representing:							
Reserves							1,009,827
2001 proposed final dividend							95,046
							1,104,873

11. Long-term liabilities

	Note	Unaudited 31st March, 2002 HK\$'000	Audited 30th September, 2001 HK\$'000
Long-term bank loan repayable:	11(a)		
Within one year		325	325
In the second year		187,370	93,891
In the third to fifth years		93,565	187,208
		<u>281,260</u>	<u>281,424</u>
Obligations under hire purchase contracts repayable:			
Within one year		73	73
In the second year		73	73
In the third to fifth years		130	155
Less: future finance charges on hire purchase contracts		(76)	(76)
		<u>200</u>	<u>225</u>
Deferred taxation		131	131
		<u>281,591</u>	<u>281,780</u>
Less: current portion of long-term liabilities		(377)	(375)
		<u>281,214</u>	<u>281,405</u>

Note:

- (a) Included in long-term bank loan is a balance of approximately HK\$563,000 (30th September, 2001: HK\$727,000) which is secured by the leasehold land and buildings of the Group. The remaining balance of HK\$280,697,000 (30th September, 2001: HK\$280,697,000) is secured by a corporate guarantee given by a subsidiary of the Company.

12. Contingent liabilities

There had been no material change in contingent liabilities of the Group since 30th September, 2001.

13. Commitments

(a) Operating lease commitment

As at 31st March, 2002, the Group had future aggregate minimum lease payments under non-cancellable operating lease in respect of land and buildings as follows:

	Unaudited 31st March, 2002 HK\$'000	Audited 30th September, 2001 HK\$'000
Within one year	16,950	14,624
In the second to fifth years inclusive	9,957	12,067
	<u>26,907</u>	<u>26,691</u>

(b) Other commitment

As at 31st March, 2002, Sino Media Group (SMG) Limited, a subsidiary of the Company had an annual licence fee commitment amounting to RMB15 million (30th September, 2001: RMB15 million). In accordance with the licensing agreement, the licence fee will increase at a yearly rate of 5% over the term of the agreement of eight years commencing from 1st January, 2000.

14. Charges on group assets

As at 31st March, 2002, the Group had the following charges on its assets:

- (a) The leasehold land and buildings with a carrying value of approximately HK\$7.4 million (30th September, 2001: HK\$7.5 million) were pledged to a bank to secure banking facilities to certain subsidiaries of the Company.
- (b) Trading investments totalling approximately HK\$166 million (30th September, 2001: HK\$51 million), which comprised only of marketable bank certificate of deposits, have been placed as security for banking facilities extended to certain subsidiaries of the Company.
- (c) Fixed deposits totalling approximately HK\$179 million (30th September, 2001: HK\$318 million) have been placed as security for banking facilities extended to certain subsidiaries of the Company.