

FINANCIAL HIGHLIGHTS AND REVIEW OF BUSINESS

Six months ended 31st March

	2002	2001	Increase
Turnover in dollars (HK\$'000)	2,815,878	1,961,542	44%
Profit attributable to shareholders (HK\$'000)	243,269	222,313	9%
EBITDA (HK\$'000)	285,605	241,759	18%
Earnings per share			
- Basic	HK\$0.051	HK\$0.049	4%
- Diluted	HK\$0.049	HK\$0.047	4%
Interim dividend per share	HK\$0.018	HK\$0.017	6%

During the Period, the Group's profit attributable to shareholders grew by 9% to approximately HK\$243.3 million (2001: HK\$222.3 million) while EBITDA grew by 18% to approximately HK\$285.6 million (2001: HK\$241.7 million). Sales turnover increased by 44% to approximately HK\$2,816 million (2001: HK\$1,962 million). Interim dividend increased by 6% to HK\$0.018 per share (2001: HK\$0.017). The Group's basic and diluted earnings per share both increased by 4% respectively to HK\$0.051 (2001: HK\$0.049) and HK\$0.049 (2001: HK\$0.047). The basis of calculating the earnings per share is detailed in note 6.

Despite the general economic downturn in the region following the terrorist attacks in the United States in September 2001, the Group was able to achieve both turnover and profit growth taking advantage of it being strategically positioned in our markets.

Contributing to the performance of this Period was the Group's continual commitment to maximise profits through effective marketing techniques, and the introduction of several innovative mobile phone models.

Total sales for the Period increased by 44% to approximately HK\$2,816 million (2001: HK\$1,962 million) as a result of increases in volume sales; and in particular, the increase in the average selling price of mobile phones for the Period.

The mobile phone models introduced last year: such as the SGH-A288, SGH-N288 and SGH-N188 were the major contributors to the profits this Period. The sales volume for these popular models increased due to popular demand and, as a result of market segment realignment from high- to mid-end market segment.

Gross operating margins fell from 15% to 13% as a result of sales mix and market alignment of popular models introduced last year: such as the SGH-N288 and SGH-A288. These models were marketed at the high-end segment last year; however, during the Period, they were sold in the mid-end segment of the market following their natural progression in the product life cycle.

During the Period, the Group obtained the distribution rights of 5 new Samsung mobile phone models. The contribution to profits from these models will continue to increase as volume sales pick-up later this year.

Selling and distribution expenses increased in proportion to the increase in sales turnover and as a result of more premium products being introduced during the Period. Administration expenses remained relatively stable through the Group's efficient use of resources and the merger of operating entities into the Group's head office.

Financial Review

	31st March, 2002	30th September, 2001
Current ratio	2.44	2.29
Liquid ratio	1.88	1.70
Days inventory turnover	44 days	46 days
Days debtors turnover	53 days	51 days
Gearing ratio*	10.8%	11.7%

* Gearing ratio = Long-term liabilities over total assets

As at 31st March, 2002, the Group's current ratio was 2.44:1 and the liquid ratio was 1.88:1. The Group had total cash on hand at 31st March, 2002 of approximately HK\$851 million (30th September, 2001: HK\$869 million). Net cash from operating activities was positive at approximately HK\$305 million (31st March, 2001: positive HK\$293 million).

As at 31st March, 2002, the gearing ratio of the Group remained relatively unchanged at 10.8% (30th September, 2001: 11.7%).

Other than the syndicated bank loan arranged in September 2001, the Group's funding requirements have mainly been financed by its working capital. The Group conducts its core business transactions in mainly Hong Kong and US dollar denominated currencies. Over 99% of the Group's cash and bank balances are in either Hong Kong or US dollar denominated currencies, hence the Hong Kong dollar peg presents a natural hedge against currency fluctuations under normal trading circumstances. The Group's debt maturity and the hedging of debt related foreign exchange exposures remained unchanged from the year ended 30th September, 2001.

The trade receivables days remained relatively stable at 53 days (30th September, 2001: 51 days). The Group normally extends trade credit to its customers for a period of up to 90 days, except for sales made to certain credit-worthy customers, as approved from time to time by senior management of the Group, of whom slightly longer credit period may be extended. Over 87% of the Group's trade receivables are within the 90-day period.

The Group's bills trade payable creditors normally allow the Group up to a maximum period of 120-day credit. Other trade payables are aged less than 30 days.

The Group's average inventory turnover days was reduced to 44 days (30th September, 2001: 46 days) as the Group seeks to maintain a stable level of inventory.

Sino Media Group (SMG) Limited ("SMG")

After making initial moves into the dynamic China sports arena last year, SMG is positioned to make strides in the sports marketing industry. SMG's business portfolio increased with the representation and marketing of the Chinese Women's Basketball Team and also the organisation of "World Cup, Ni Hao" event, an appreciation and send off concert, for the Chinese National Football Team as it prepares for its World Cup debut. This successful event, one of the few endorsed by the Chinese Football Association, was co-organised with the Shenyang Sports Bureau and took place in May 2002 in Shenyang, the PRC.

Future Plans and Prospects

The Group will continue to concentrate on its core operations and markets. The continued popularity of Samsung mobile phones has been one of the bright stories in the mobile telephone industry hit by poor financial performance, refocusing of strategy and restructuring by most telecommunication companies. Global Tech was able to ride through these tough times largely unaffected helped mainly by: the Group's early efforts in positioning its products in the market, the introduction of new and innovative model handsets, and strong marketing techniques.

The Group has obtained the distribution rights of 5 new mobile phone models from Samsung so far during the Period and there are plans for further new models to be launched later this year as we strengthened our ties with Samsung. With the success of popular models such as the SGH-A408 "Queen Phone", the SGH-N628 "Melody Phone", and the SGH-T108 "ColorPro" models, management is confident that these models will provide a healthy contribution to the Group's turnover and gross profits in the next year or so.