

NOTES TO THE CONDENSED FINANCIAL STATEMENTS*FOR THE SIX MONTHS ENDED JUNE 30, 2003***1. BASIS OF PREPARATION**

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment in securities and investment properties.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2002, except as described below.

In the current period, the Group has adopted, for the first time, SSAP 12 (Revised) "Income Taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method under which a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the condensed financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of this standard has had no material effect on the results for the prior accounting periods. Accordingly, no prior period adjustment has been required.

3. SEGMENTAL INFORMATION

Geographical Segments

For the six months ended June 30, 2003 (Unaudited)

	Hong Kong and the People's Republic of China (the "PRC") HK\$'000	Singapore HK\$'000	Malaysia HK\$'000	Thailand HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External sales	824,343	255,078	116,755	456,240	48,115	-	1,700,531
Inter-segment sales	87	4,203	-	-	-	(4,290)	-
Total revenue	824,430	259,281	116,755	456,240	48,115	(4,290)	1,700,531
SEGMENT RESULT	12,524	(1,864)	(117)	8,509	(37)	-	19,015
Interest income							1,095
Gain on disposal of investments in securities							758
Unallocated corporate expenses							(4,101)
Profit from operations							16,767

3. SEGMENTAL INFORMATION *(continued)* **Geographical Segments** *(continued)*

For the six months ended June 30, 2002 (Unaudited)

	Hong Kong and the PRC HK\$'000	Singapore HK\$'000	Malaysia HK\$'000	Thailand HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External sales	837,103	369,602	191,745	322,046	9,943	–	1,730,439
Inter-segment sales	10,046	631	24	–	–	(10,701)	–
Total revenue	847,149	370,233	191,769	322,046	9,943	(10,701)	1,730,439
SEGMENT RESULT	12,946	547	104	5,688	32	–	19,317
Interest income							1,256
Impairment losses recognised on investments in securities							(1,018)
Gain on disposal of investments in securities							33
Unallocated corporate expenses							(4,625)
Profit from operations							14,963

Business Segments

The Company's sole principal activity is the distribution of computer products. No business segment analysis is presented.

4. PROFIT FROM OPERATIONS

**For the six months ended
June 30,**

2003	2002
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Profit from operations has been arrived at after charging
(crediting):

Depreciation and amortisation	2,489	3,980
Allowance for doubtful debts	7,202	985
Gain on disposal of investments in securities	(758)	(33)
Interest income	(1,095)	(1,256)

5. TAXATION

**For the six months ended
June 30,**

2003	2002
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

The charge comprises:

Profits Tax for the period		
Hong Kong	3,560	2,004
Overseas	1,900	2,535
Profits Tax for prior periods		
Overseas	318	(57)
Deferred tax	(371)	–
Taxation attributable to the Company and its subsidiaries	5,407	4,482
Share of taxation attributable to associates	105	107
Taxation charge for the period	5,512	4,589

Hong Kong Profits Tax is calculated at 17.5% (Six months ended June 30, 2002: 16%) of the estimated assessable profit for the period.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

6. DIVIDEND

On June 27, 2003, a dividend of 2 cents per share, totalling HK\$5,371,000 (Six months ended June 30, 2002: HK\$8,056,000) was paid to shareholders as the final dividend for the year ended December 31, 2002.

The directors have not recommended the payment of any interim dividend (2002: Nil).

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the six months ended June 30,	
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of basic earnings per share and diluted earnings per share	5,601	6,773
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	268,550	268,174
Effect of dilutive potential ordinary shares:		
Options	-	1,158
Weighted average number of ordinary shares for the purpose of diluted earnings per share	268,550	269,332

8. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$120,000 and HK\$939,000 (Six months ended June 30, 2002: Nil and HK\$629,000) on addition of investment properties and property, plant and equipment respectively.

The Group's investment properties were revalued by the Directors at June 30, 2003. The resulting revaluation decrease of HK\$6,000,000 (Six months ended June 30, 2002: Nil) has been debited to the income statement.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group maintained a defined credit policy. For sales of goods, the Group allows an average credit period of 30 - 60 days to its trade customers. Service income receivable from customers are payable on presentation of invoices.

The following is an aged analysis of trade receivables at the balance sheet date:

	June 30, 2003 (Unaudited) HK\$'000	December 31, 2002 (Audited) HK\$'000
Within 30 days	365,464	324,602
31 to 90 days	53,460	58,578
91 to 120 days	11,490	8,051
Over 120 days	29,010	27,078
Trade receivables	459,424	418,309
Deposits, prepayments and other receivables	28,335	27,211
	487,759	445,520

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	June 30, 2003 (Unaudited) HK\$'000	December 31, 2002 (Audited) HK\$'000
Within 30 days	320,415	282,477
31 to 90 days	15,897	58,737
91 to 120 days	539	594
Over 120 days	8,109	12,065
Trade payables	344,960	353,873
Accruals and other payables	128,810	101,381
	473,770	455,254

11. BILLS PAYABLE

The aged analysis of bills payable as at June 30, 2003 and December 31, 2002 are both within 90 days.

12. BORROWINGS

	June 30, 2003 (Unaudited) HK\$'000	December 31, 2002 (Audited) HK\$'000
Bank overdrafts	16,106	23,430
Bank loans	96,642	84,161
Trust receipt loans	38,150	26,767
	150,898	134,358
Secured	126,931	104,661
Unsecured	23,967	29,697
	150,898	134,358

The above overdrafts and loans are repayable within one year.

13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At June 30, 2003 and December 31, 2002	350,000	35,000
Issued and fully paid:		
At June 30, 2003 and December 31, 2002	268,550	26,855