

NOTES TO CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2004

1. Significant accounting policies

The condensed interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted in these condensed interim financial statements have been prepared on a basis consistent with the principal accounting policies as stated in the audited financial statements for the year ended 31st March, 2004.

2. Segment information

An analysis of the Group’s turnover and contribution to operating profit/(loss) by business segments and turnover by geographical segments are as follows:

(a) By business segments

For the six months ended 30th September, 2004

	Computer and business machines <i>HK\$'000</i>	Network solution and tele- communication systems <i>HK\$'000</i>	Technical and maintenance services <i>HK\$'000</i>	Investments in securities and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover					
Total sales	231,174	48,598	34,020	25,184	338,976
Inter-segment sales	(10,986)	(1,343)	(6,780)	–	(19,109)
External sales	<u>220,188</u>	<u>47,255</u>	<u>27,240</u>	<u>25,184</u>	<u>319,867</u>
Results					
Segment results	<u>2,198</u>	<u>788</u>	<u>717</u>	<u>1,328</u>	5,031
Interest income					543
Unallocated corporate expenses					(2,223)
Profit from operations					3,351
Finance costs					–
Share of results of an associate	(24)	–	–	–	(24)
Profit before taxation					3,327
Taxation					(825)
Profit for the period					<u>2,502</u>

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**2. Segment information (Continued)****(a) By business segments (Continued)**

For the six months ended 30th September 2003

	Continuing operations				Discontinued operations		Total HK\$'000
	Computer and business machines HK\$'000	Network solution and tele- communication systems HK\$'000	Technical and maintenance services HK\$'000	Investments in securities and others HK\$'000	General merchandise trading HK\$'000	Tele- communication services and retailing HK\$'000	
Turnover							
Total sales	200,243	68,298	22,431	78,261	11	906	370,150
Inter-segment sales	(21,872)	(3,665)	(2,835)	-	(1)	(30)	(28,403)
External sales	<u>178,371</u>	<u>64,633</u>	<u>19,596</u>	<u>78,261</u>	<u>10</u>	<u>876</u>	<u>341,747</u>
Results							
Segment results	<u>4,144</u>	<u>(1,788)</u>	<u>1,143</u>	<u>4,832</u>	<u>-</u>	<u>-</u>	8,331
Interest income							713
Unallocated corporate expenses							(210)
Profit from operations							8,834
Finance costs							(7)
Share of results of an associate	(235)	-	-	-	-	-	(235)
Gain on discontinued operations	-	-	-	-	86	491	577
Profit before taxation							9,169
Taxation							(768)
Profit for the period							<u>8,401</u>

Note: Inter-segment sales are charged at prices determined by management with reference to market prices.

(b) By geographical segments

	Turnover	
	Six months ended 30th September,	
	2004	2003
	HK\$'000	HK\$'000
Hong Kong	268,850	271,077
The Mainland	12,816	7,537
Thailand	35,990	59,069
Others	2,211	4,064
	<u>319,867</u>	<u>341,747</u>

NOTES TO CONDENSED FINANCIAL STATEMENTS *(Continued)***3. Profit from operations**

	Six months ended 30th September, 2004	2003
	HK\$'000	HK\$'000
Profit from operations is arrived at after charging:		
Cost of stock sold	216,817	180,811
Depreciation on property, plant and equipment	2,139	2,323
Operating lease payments in respect of renting of premises	4,035	6,053
Staff costs, including directors' emoluments	38,109	41,934
	<u>38,109</u>	<u>41,934</u>

4 Taxation

	Six months ended 30th September, 2004	2003
	HK\$'000	HK\$'000
Current taxation		
Company and subsidiaries		
Hong Kong	600	665
Overseas	191	34
Deferred taxation		
Current period	34	64
Attributable to change in tax rate	—	5
	<u>825</u>	<u>768</u>

Provision for Hong Kong profits tax is calculated at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits less available tax relief for losses brought forward of each individual company comprising the Group.

Provision for overseas taxation is calculated based on the rates applicable to the relevant local legislation on the estimated assessable profits.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**5. Interim dividend**

	Six months ended	
	30th September,	
	2004	2003
	HK\$'000	HK\$'000
Interim dividend		
HK\$0.01 per share on 171,355,871 shares		
(2003: HK\$0.02 per share on 171,355,871 shares)	1,714	3,427

6. Earnings per share

Basic earnings per share is calculated based on the profit for the period of HK\$2,502,000 (2003: HK\$8,401,000) and on the weighted average number of 171,355,871 (2003: 171,355,871) ordinary shares issued during the period.

Diluted earnings per share is not shown as there is no dilutive potential ordinary share outstanding throughout the periods ended 30th September 2004 and 30th September 2003.

7. Property, plant and equipment

For the six months period ended 30 September, 2004, the Group acquired property, plant and equipment of HK\$2,392,000 and disposed of property, plant and equipment of HK\$2,503,000.

8. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors of HK\$59,213,000 (31st March, 2004: HK\$56,650,000).

The ageing analysis of trade debtors is as follows:

	As at	As at
	30th September,	31st March,
	2004	2004
	HK\$'000	HK\$'000
0-60 days	56,079	50,455
61-90 days	1,732	3,298
Over 90 days	1,402	2,897
	59,213	56,650

The Group has established different credit policies for customers in each of its core businesses. The average credit period granted for trade debtors was 60 days.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**9. Creditors, deposits and accruals**

Included in creditors, deposits and accruals are trade creditors of HK\$26,116,000 (31st March, 2004: HK\$28,613,000).

The ageing analysis of trade creditors is as follows:

	As at 30th September, 2004 HK\$'000	As at 31st March, 2004 HK\$'000
0-60 days	24,412	26,739
61-90 days	511	–
Over 90 days	1,193	1,874
	<u>26,116</u>	<u>28,613</u>

10. Share Capital

	Number of ordinary shares of HK\$0.5 each	Nominal value HK\$'000
Authorised:	<u>240,000,000</u>	<u>120,000</u>
Issued and fully paid:	<u>171,355,871</u>	<u>85,678</u>

There was no change in the authorised and issued share capital during the period under review.

11. Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Properties Capital redemption reserve HK\$'000	for own use revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2004	223,434	18,231	14	2,764	1,036	5,141	47,288	297,908
Final dividend for 2004 paid	–	–	–	–	–	(5,141)	–	(5,141)
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	(860)	–	–	(860)
Profit for the period	–	–	–	–	–	–	2,502	2,502
Dividend	–	–	–	–	–	1,714	(1,714)	–
At 30th September, 2004	<u>223,434</u>	<u>18,231</u>	<u>14</u>	<u>2,764</u>	<u>176</u>	<u>1,714</u>	<u>48,076</u>	<u>294,409</u>

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**12. Contingent liabilities**

At 30th September, 2004, the Company has contingent liabilities in respect of:

- (i) guarantees issued for banking facilities extended to its subsidiaries amounting to HK\$3,064,000 (31st March, 2004: HK\$3,102,000) ; and
- (ii) guarantees issued for performance under contracts and rendering of services of certain subsidiaries amounting to HK\$4,694,000 (31st March, 2004: HK\$2,053,000).

13. Operating lease**(a) The Group as lessee**

At 30th September, 2004, the Group and the Company have total future aggregate minimum lease payments under non-cancellable operating leases in respect of renting of premises which fall due as follows:

	As at 30th September, 2004 HK\$'000	As at 31st March, 2004 HK\$'000
Within one year	1,512	3,356
In the second to fifth year inclusive	196	—
	<u>1,708</u>	<u>3,356</u>

Leases are negotiated and rentals are fixed for an average term of two years.

(b) The Group as lessor

All the investment properties were leased out for a period of two years and the Group did not have any renewal options given to the leasees. The future minimum lease payments receivable by the Group under non-cancellable operating leases for each of the following periods are:

	As at 30th September, 2004 HK\$'000	As at 31st March, 2004 HK\$'000
Within one year	264	135
In the second to fifth year inclusive	161	—
	<u>425</u>	<u>135</u>

14. Comparative figures

Certain comparative figures have been reclassified in order to conform with the presentation of current period.