



**Notes to the Condensed Financial Statements
For the six months ended 30 September 2001**

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting”.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of land and buildings. The accounting policies adopted are consistent with those followed in the Group’s annual financial statements for the year ended 31 March 2001 except as described below.

In the current period, the Group has adopted, for the first time, a number of revised SSAPs issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following revised accounting policies.

Dividends proposed or declared after the balance sheet date.

In accordance with SSAP 9 (Revised) “Events after the Balance Sheet Date”, dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as a separate component of equity in the notes to the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment. The condensed consolidated balance sheet at 31 March 2001 has been restated for the purpose of this interim financial report, resulting in an increase in the Group’s dividend reserve and decrease in dividend payable at 31 March 2001 by approximately HK\$13,940,000 (31 March 2000: HK\$6,560,000).

Leases

SSAP 14 (Revised) “Leases” has introduced some amendments to the basis of accounting for finance and operating leases, and to the disclosures specified for the Group’s leasing arrangements. These changes have not had any material effect on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required. Disclosures for all of the Group’s leasing arrangements have been modified so as to comply with the requirements of SSAP 14 (Revised). Comparative amounts have been restated in order to achieve a consistent presentation.

3. SEGMENTAL INFORMATION

The Group is principally engaged in the design, manufacture and sales of optical products. No business segment analysis is presented as management considers that the Group has one single business segment.

An analysis of the Group's turnover and contribution to profit from operations by geographical market is as follows:

	Revenue		Contribution to profit from operations			
	Six months ended		30.9.2001		30.9.2000	
	30.9.2001	30.9.2000	30.9.2001	30.9.2000	30.9.2001	30.9.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
United States	98,278	111,531	23,498	29,039		
Europe	47,384	32,446	12,151	5,876		
Asia	18,286	6,370	3,891	1,332		
Others	4,070	4,912	701	1,089		
	<u>168,018</u>	<u>155,259</u>	<u>40,241</u>	<u>37,336</u>		
Unallocated corporate expenses			(2,609)	(2,393)		
Other revenue			648	245		
Profit from operations			<u>38,280</u>	<u>35,188</u>		

4. PROFIT FROM OPERATIONS

	Six months ended	
	30.9.2001	30.9.2000
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Depreciation and amortization	8,794	5,689
(Gain) loss in disposal of property, plant and equipment	<u>(113)</u>	<u>27</u>

5. TAXATION

	Six months ended	
	30.9.2001	30.9.2000
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	2,367	2,200
Deferred taxation	<u>250</u>	<u>—</u>
	<u>2,617</u>	<u>2,200</u>

Hong Kong Profits Tax is calculated at the rate of 16% on the estimated assessable profit for the period.

There is no significant unprovided deferred taxation for both interim periods.

6. DIVIDEND

The directors have resolved that an interim dividend of 3.6 cents (six months ended 30 September 2000: 3.4 cents) per ordinary share will be paid to the shareholders of the Company whose names appear in the Register of Members on 10 January 2002.

7. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2001 HK\$'000	30.9.2000 HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (net profit for the period)	36,829	34,653
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	205,000	205,000
Effect of dilutive share options	3,151	2,842
Weighted average number of ordinary shares for the purpose of diluted earnings per share	208,151	207,842

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$22,316,000 (six months ended 30 September 2000: HK\$28,618,000) on additions of property, plant and equipment.

9. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables at the reporting date:

	30.9.2001 HK\$'000	31.3.2001 HK\$'000
Current	62,260	59,856
1 to 90 days overdue	21,054	20,262
More than 91 days overdue	10,207	5,057
	93,521	85,175

10. TRADE PAYABLES

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

	30.9.2001	31.3.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	33,462	24,205
1 to 90 days overdue	11,635	9,390
More than 91 days overdue	547	1,449
	<u>45,644</u>	<u>35,044</u>

11. SHARE CAPITAL

Ordinary shares of HK\$0.10 each
Issued and fully paid

	Six months ended	
	Number	Share
	of shares	capital
	<i>'000</i>	
At 1 April 2001	205,000	20,500,000
Exercise of warrants	<u>2</u>	<u>200</u>
At 30 September 2001	<u>205,002</u>	<u>20,500,200</u>

There were no movements in the Company's share capital for the year ended 31 March 2000.

12. RESERVES

	Share	Special	Dividend	Retained	Total
	premium	reserve	reserve	profits	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2000					
– as originally stated	15,904	18,644	–	135,331	169,879
– prior period adjustment	<u>–</u>	<u>–</u>	<u>6,560</u>	<u>–</u>	<u>6,560</u>
– as restated	15,904	18,644	6,560	135,331	176,439
Warrant issue expenses	(138)	–	–	–	(138)
Dividend paid	–	–	(13,530)	–	(13,530)
Net profit for the year	–	–	–	70,358	70,358
Transfer-dividend for the year	<u>–</u>	<u>–</u>	<u>20,910</u>	<u>(20,910)</u>	<u>–</u>
	15,766	18,644	13,940	184,779	233,129
At 31 March 2001					
Dividend paid	–	–	(13,940)	–	(13,940)
Premium arising from exercise of Warrants	2	–	–	–	2
Net profit for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>36,829</u>	<u>36,829</u>
At 30 September 2001	<u>15,768</u>	<u>18,644</u>	<u>–</u>	<u>221,608</u>	<u>256,020</u>

13. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	30.9.2001 <i>HK\$'000</i>	31.3.2001 <i>HK\$'000</i>
Within one year	3,039	3,444
In the second to fifth years inclusive	7,528	7,928
After five years	123	862
	<u>10,690</u>	<u>12,234</u>

14. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following significant capital commitments:

	30.9.2001 <i>HK\$'000</i>	31.3.2001 <i>HK\$'000</i>
Acquisition of plant and machinery contracted for but not provided in the financial statements	3,171	1,518
Factory under construction authorised but not contracted for	2,690	5,500
	5,861	7,018
Commitments for license fee for brandnames contracted for but not provided in the financial statements	4,720	6,026
	<u>10,581</u>	<u>13,044</u>

15. CONTINGENT LIABILITIES

	30.9.2001 <i>HK\$'000</i>	31.3.2001 <i>HK\$'000</i>
Bills discounted with recourse	–	2,530