

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Significant Accounting Policies

The unaudited interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice 25 (SSAP25) Interim Reporting, except that comparative figures for the consolidated cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Listing Rules. The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended March 31, 2000.

2. Segment Information

An analysis of the turnover and profit from ordinary activities before taxation of the Group by principal activities is as follows:

	For the six months ended September 30,			
	Turnover		Profit from ordinary activities before taxation	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Batteries	–	–	31,065	18,731
Electrical	–	–	24,747	19,446
Electronics	690,525	552,026	44,719	50,568
Technology & Strategic	49,245	6,455	5,971	307
	<u>739,770</u>	<u>558,481</u>	<u>106,502</u>	<u>89,052</u>
Corporate interest and overhead (net)			<u>(26,928)</u>	<u>(16,922)</u>
			<u>79,574</u>	<u>72,130</u>

An analysis of the turnover of the Group by geographical markets is as follows:

	For the six months ended September 30,	
	2000 HK\$'000	1999 HK\$'000
The People's Republic of China		
Hong Kong	55,244	21,353
Mainland China	47,373	53,044
Other Asian countries	278,280	223,782
Europe	166,720	84,549
North and South America	160,844	133,833
Others	31,309	41,920
	<u>739,770</u>	<u>558,481</u>

Profit from ordinary activities before taxation of the Group by geographical markets has not been presented as the ratio of profit from ordinary activities before taxation to the turnover attributable to each market is not significantly different.

3. Profit from Ordinary Activities Before Taxation

	For the six months ended September 30,	
	2000 HK\$'000	1999 HK\$'000
Profit from ordinary activities before taxation has been arrived at after charging:		
Amortisation of deferred expenditure	1,480	2,332
Amortisation of trademarks	2,091	2,091
Depreciation and amortisation of property, plant and equipment	22,447	20,972

4. Taxation

	For the six months ended September 30,	
	2000	1999
	HK\$'000	HK\$'000
The Company and its subsidiaries:		
Hong Kong Profits Tax	2,598	1,962
Taxation in jurisdictions other than Hong Kong	1,283	1,250
	<u>3,881</u>	<u>3,212</u>
Share of taxation of associates:		
Hong Kong Profits Tax	4,142	3,741
Taxation in jurisdictions other than Hong Kong	13,309	13,134
	<u>17,451</u>	<u>16,875</u>
	<u>21,332</u>	<u>20,087</u>

Hong Kong Profits Tax is calculated at 16.0% (1999: 16.0%) of the estimated assessable profit for the period.

Taxation in jurisdictions other than Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

5. Earnings Per Share

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

	For the six months ended September 30,	
	2000	1999
	HK\$'000	HK\$'000
Earnings		
Net profit for the period and earnings for the purpose of basic earnings per share	47,300	38,245
Effect of dilutive potential shares:		
Adjustment to the share of result of subsidiaries and associates based on the dilution of its earnings per share	(335)	(102)
Earnings for the purpose of diluted earnings per share	<u>46,965</u>	<u>38,143</u>
Number of Shares	'000	'000
Weighted average number of shares for the purpose of basic earnings per share	491,096	468,648
Effect of dilutive potential shares:		
Share options	2,198	–
Weighted average number of shares for the purpose of diluted earnings per share	<u>493,294</u>	<u>468,648</u>

6. Property, Plant and Equipment

During the period, the Group spent approximately HK\$21,438,000 (six months ended September 30, 1999: HK\$23,630,000) on property, plant and equipment to expand its business.

7. Debtors, Bills Receivable and Prepayments

The Group allows its trade customers with credit period normally ranging from 30 days to 120 days. The following is an aging analysis of debtors, bills receivable and prepayments at the reporting date:

	September 30, 2000	March 31, 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-60 days	193,460	245,744
61-90 days	127,597	30,373
>90 days	143,869	96,552
	<u>464,926</u>	<u>372,669</u>

8. Creditors and Accrued Charges

The following is an aging analysis of creditors and accrued charges at the reporting date:

	September 30, 2000	March 31, 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-60 days	329,155	219,746
61-90 days	51,586	18,297
>90 days	54,914	65,445
	<u>435,655</u>	<u>303,488</u>

9. Share Capital

During the period, the following changes in the share capital of the Company took place:

- (a) 4,650,000 share options were exercised, resulting in the issue of 4,650,000 shares of HK\$0.5 each at a price of HK\$1.41 per share.
- (b) 29,215 shares of HK\$0.5 each were issued as a result of the exercise of certain warrants of the Company by the warrant-holders.
- (c) The Company allotted and issued an aggregate of 52,192,173 shares of HK\$0.5 each, at a price of HK\$1.955 per share, as part of the purchase consideration for the acquisition of a 51% interest in Lighthouse Technologies Limited.

10. Reserves

	Share premium <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at April 1, 2000	368,729	941,688	(435,364)	875,053
Net profit for the period	–	47,300	–	47,300
Dividends	–	(15,948)	–	(15,948)
Premium on issue of shares, net of expenses	80,244	–	–	80,244
Goodwill arising on acquisition of interest in subsidiaries	–	–	(131,312)	(131,312)
Written off of goodwill	–	–	5,070	5,070
Share of transfer to capital reserve by an associate	–	(485)	485	–
Share of reserves of associates				
– Translation reserve	–	–	(28,169)	(28,169)
– Capital reserve	–	–	6,302	6,302
Currency realignment	–	–	(9,984)	(9,984)
Balance at September 30, 2000	<u>448,973</u>	<u>972,555</u>	<u>(592,972)</u>	<u>828,556</u>
Attributable to:				
The Company and its subsidiaries	448,973	382,285	(353,388)	477,870
The associates	–	590,270	(239,584)	350,686
	<u>448,973</u>	<u>972,555</u>	<u>(592,972)</u>	<u>828,556</u>

11. Related Party Transactions

During the period, the Group entered into the following transactions with related parties:

	For the six months ended September 30,	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Sales to associates	31,855	26,068
Purchases from associates	44,885	37,196
Interest income received from associates	10,736	10,542
Management fee income received from associates	7,668	5,243
Rental income from associates	<u>5,689</u>	<u>5,246</u>

As at the balance sheet date, the Group has the following balances with its associates under debtors, bills receivable and prepayments and creditors and accrued charges:

	September 30, 2000 <i>HK\$'000</i>	March 31, 2000 <i>HK\$'000</i>
Trade receivables from associates	76,700	95,268
Trade payables due to associates	<u>25,261</u>	<u>20,200</u>

All of the above trade receivables and trade payables are unsecured, interest free and repayable on demand.

12. Acquisition of a Subsidiary

On July 18, 2000, GP Technologies Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement for the acquisition of a 51% interest in Lighthouse Technologies Limited which is a technology company specialising in the development and marketing of large screen video display systems using the latest high brightness light emitting diode technology, for an aggregate consideration of approximately HK\$136.0 million.