

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of Presentation and Preparation

The Company was incorporated in Bermuda as an exempted company on 16th December, 1999 pursuant to the Companies Act 1981 of Bermuda, with its shares listed on The Stock Exchange of Hong Kong Limited on 15th June, 2000. Pursuant to a group reorganisation to rationalise the group structure in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, the Company became the holding company of the Group after the completion of the group reorganisation on 29th April, 2000. The Group reorganisation involved companies under joint holding, and the Company and its subsidiaries resulting from the reorganisation is regarded as a continuing entity. According, the reorganisation was dealt with on the basis of combination. The comparative figures for the six months ended 30th September, 1999, and as at 31st March, 2000 are presented on the same basis.

The interim financial statements are prepared in accordance with the accounting policies as set out in the 1999-2000 annual report and are in compliance with the SSAP 25 as issued by the Hong Kong Society of Accountants and the disclosure requirements as set out in the Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

## 2. Turnover

An analysis of the Company's turnover by principal activity and region together with their respective contributions to profit before taxation is as follows:

By principal activity:

	<b>Turnover for the Six months ended 30th September,</b>		<b>Profit before Taxation for the Six months ended 30th September,</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Design and manufacture of motherboards	<b>210,551</b>	244,005	<b>18,787</b>	28,505
PC components	<b>435,222</b>	384,712	<b>9,540</b>	8,910
Design and manufacture of PC systems	–	4,392	–	(818)
	<u><b>645,773</b></u>	<u>633,109</u>	<u><b>28,327</b></u>	<u>36,597</u>
Finance costs			<b>(1,895)</b>	(160)
Unallocated corporate expenses, net			<u><b>(19,546)</b></u>	<u>(13,452)</u>
Profit before Taxation			<u><b>6,886</b></u>	<u>22,985</u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	<b>Six months ended 30th September,</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<b>HK\$'000</b>
By region:		
North America	<b>165,719</b>	189,550
Asia Pacific	<b>202,525</b>	147,471
Hong Kong SAR and PRC	<b>205,405</b>	163,044
Europe	<b>65,157</b>	104,049
Others	<b>6,967</b>	28,995
	<b>645,773</b>	<b>633,109</b>

### 3. Profit from Operations

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

	<b>Six months ended 30th September,</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest income	<b>1,380</b>	1,031
Depreciation and Amortisation	<b>(5,618)</b>	(3,909)

### 4. Finance Costs

	<b>Six months ended 30th September,</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on:		
Bank loans	<b>1,406</b>	160
Obligations under finance leases	<b>489</b>	-
	<b>1,895</b>	<b>160</b>

### 5. Taxation

	<b>Six months ended 30th September,</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<b>HK\$'000</b>
The charges comprise (net of) the following:		
The Company and its subsidiaries		
Hong Kong Profit Tax		
– Current year	<b>757</b>	2,661
– Overprovision in previous year	<b>-</b>	(87)
	<b>757</b>	<b>2,574</b>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 6. Dividends

The Board of Directors announces the payment of interim dividend of HK1.5 cents per share for the period ended 30th September, 2000.

	<b>2000</b>	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend	<u><b>2,820</b></u>	<u>–</u>

## 7. Earnings per Share

	Six months ended 30th September,	
	<b>2000</b>	1999
The calculation of basic earnings per share is based on:		
Profit for the period	<u><b>HK\$6,129,000</b></u>	<u>HK\$20,411,000</u>
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings per share	<b>168,994,536</b>	141,000,000
Effect of the potentially-diluted ordinary shares – Employees' share options	<u><b>3,209,426</b></u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	<u><b>172,203,962</b></u>	<u>141,000,000</u>

## 8. Trade and Other Receivables

The Group offered its clients an average credit terms of 30 days.

Trade and other receivables amount to HK\$43,301,000 (31st March 2000: HK\$33,824,000), including HK\$35,797,000 of trade receivables (31st March, 2000: HK\$30,948,000). An ageing analysis of trade receivables as at the reporting date is as follows:

	<b>30th September,</b>	31st March,
	<b>2000</b>	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	<b>29,647</b>	15,803
31 to 60 days	<b>612</b>	3,867
61 to 90 days	<b>3,007</b>	9,220
over 90 days	<u><b>2,531</b></u>	<u>2,058</u>
	<u><b>35,797</b></u>	<u>30,948</u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 9. Trade and Other Payables

Trade and other payables amount to HK\$73,808,000 (31st March, 2000: \$HK61,964,000), including trade payables of HK\$60,541,000 (31st March, 2000: HK\$ 50,842,000). The aging analysis of the trade payables as at the reporting date is as follows:

	<b>30th September, 2000</b>	31st March, 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	<b>43,808</b>	30,036
31 to 60 days	<b>10,831</b>	2,661
61 to 90 days	<b>3,343</b>	6,084
over 90 days	<b>2,559</b>	12,061
	<u><b>60,541</b></u>	<u>50,842</u>

## 10. Obligations under Finance Leases

	<b>30th September, 2000</b>	31st March, 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Obligations under finance leases are repayable as follows:		
Within one year	<b>4,028</b>	3,715
More than one year, but not exceeding two years	<b>4,694</b>	4,069
More than two years, but not exceeding five years	<b>990</b>	3,266
	<u><b>9,712</b></u>	<u>11,050</u>
Less: Amount due within one year and shown under current liabilities	<u><b>(4,028)</b></u>	<u>(3,715)</u>
Amount due after one year	<u><b>5,684</b></u>	<u>7,335</u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. Bank Borrowings

	<b>30th September,</b>	31st March,
	<b>2000</b>	2000
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bank borrowings comprise:		
Bank loans	<b>11,742</b>	7,258
Trust receipt loans	<b>18,597</b>	6,160
Bank overdraft	<b>1,722</b>	70
	<u><b>32,061</b></u>	<u>13,488</u>
Secured	<u><b>32,061</b></u>	<u>13,488</u>
Bank borrowings are repayable as follows:		
Within one year or on demand	<b>30,068</b>	11,276
More than one year, but not exceeding two years	<b>464</b>	439
More than two years, but not exceeding five years	<b>1,529</b>	1,664
Exceeding five years	–	108
	<u><b>32,061</b></u>	<u>13,487</u>
Less: Amount due within one year or on demand and shown under current liabilities	<u><b>(30,068)</b></u>	<u>(11,276)</u>
Amount due after one year	<u><b>1,993</b></u>	<u>2,211</u>

## 12. Share Capital

	<b>Number of share capital</b>	<b>Par value</b>
	<b>'000</b>	<b>HK\$'000</b>
Authorised share capital (ordinary shares of HK\$0.10 each)	<u>1,000,000</u>	<u>100,000</u>
Share capital issued and fully paid (ordinary shares of HK\$0.10 each)		
Issued shares	2,000	200
Capitalisation issue	139,000	13,900
New issue ( <i>Note</i> )	47,000	4,700
	<u>188,000</u>	<u>18,800</u>

*Note:* With respect to the shares of the Company listed on the Stock Exchange of Hong Kong Company Limited on 15th June, 2000:

On 13th June 2000, 47,000,000 new ordinary shares (“New Issue”) of HK\$1.07 each were issued for cash of HK\$50,290,000. The difference between the issue price at HK\$1.07 and the par value of the issued shares of HK\$0.1 was credited into the share premium account.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 13. Reserves

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained profit <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>The Group</b>				
As at 1st April, 1999	9,731	2,408	33,595	45,734
Profit for the year	–	–	43,207	43,207
Dividend	–	–	(28,900)	(28,900)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31st March, 2000	9,731	2,408	47,902	60,041
Premium arising from issue of shares	45,590	–	–	45,590
Capitalisation issue	(13,900)	–	–	(13,900)
Expenses arising from issue of shares	(8,793)	–	–	(8,793)
Profit during the period	–	–	6,129	6,129
Interim dividend	–	–	(2,820)	(2,820)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30th September, 2000	<u>32,628</u>	<u>2,408</u>	<u>51,211</u>	<u>86,247</u>

## 14. Commitments

At the balance sheet date, the Group had annual commitments in the following year in respect of the payment of a management fee to a party in the People's Republic of China as follows:

	<b>30th September, 2000 <i>HK\$'000</i></b>	31st March, 2000 <i>HK\$'000</i>
Management agreement which expires over five years	<u>47</u>	<u>47</u>

## 15. Material Related Party Transactions

There were no material related party transactions during the period.