

Interim Results

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended	
		31 December	
		2000	1999
		<i>(unaudited)</i>	<i>(restated)</i>
	<i>Notes</i>	HK\$'000	<i>(unaudited)</i>
			<i>HK\$'000</i>
TURNOVER	2	150,210	105,444
Cost of sales		(130,485)	(98,022)
Gross profit		19,725	7,422
Other revenue		7,911	8,937
Selling and distribution costs		(11,264)	(7,163)
Administrative expenses		(20,617)	(13,980)
Other operating expenses		(6,556)	(2,432)
LOSS FROM OPERATING ACTIVITIES		(10,801)	(7,216)
Finance costs		(5,557)	(2,234)
Share of profits of associates		112,588	66,249
PROFIT BEFORE TAX	3	96,230	56,799
Tax	4	(10,733)	(1,876)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		85,497	54,923
Retained profits at beginning of period		594,530	549,729
Dividends	5	(29,371)	(23,005)
Goodwill written off		—	(21,987)
Transfers from/(to) capital reserves, net		3,695	(5,828)
RETAINED PROFITS AT END OF PERIOD		654,351	553,832
EARNINGS PER SHARE	6	(HK Cents)	(HK Cents)
Basic		8.77	5.72
Diluted		8.43	5.70

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Notes	Six months ended 31 December	
		2000 (unaudited) HK\$'000	1999 (unaudited) HK\$'000
Exchange differences on translation of the financial statements of foreign entities		(12,054)	216
Net profit from ordinary activities attributable to shareholders:			
As reported		85,497	52,190
Prior period adjustment	1(b)	—	2,733
		85,497	54,923
		73,443	55,139
Goodwill arising on acquisition of associates eliminated against reserves and retained earnings		—	(21,987)
Total recognised gains and losses		73,443	33,152

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CONDENSED CONSOLIDATED BALANCE SHEET

		As at 31 December 2000 (unaudited) HK\$'000	As at 30 June 2000 (audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets	7	141,582	148,488
Interests in associates		620,345	575,280
		761,927	723,768
CURRENT ASSETS			
Other investments		64,215	62,011
Inventories		70,499	54,781
Trade receivables	8	64,642	64,348
Prepayments, deposits and other receivables		36,149	22,150
Dividend receivable		89,270	44,621
Cash and cash equivalents		42,966	26,542
		367,741	274,453
CURRENT LIABILITIES			
Trade and bills payables	9	36,451	46,543
Other payables and accruals		29,669	25,684
Trust receipt and export loans		39,392	21,984
Bank overdrafts		147,203	84,485
Proposed dividends		29,284	19,435
		281,999	198,131
NET CURRENT ASSETS		85,742	76,322
		847,669	800,090
CAPITAL AND RESERVES			
Issued capital	10	97,612	97,176
Reserves	11	669,567	622,424
Contributed surplus		80,490	80,490
		847,669	800,090

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 31 December 2000 (unaudited) HK\$'000
Net cash outflow from operating activities	(21,752)
Net cash outflow from returns on investments and servicing of finance	(22,084)
Net cash outflow from investing activities	(5,963)
NET CASH OUTFLOW BEFORE FINANCING	(49,799)
Net cash inflow from financing	3,505
DECREASE IN CASH AND CASH EQUIVALENTS	(46,294)
Cash and cash equivalents at beginning of period	(57,943)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(104,237)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	42,966
Bank Overdraft	(147,203)
	(104,237)



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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation

These unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” except that the comparative figures of the condensed consolidated cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited. The accounting policies and basis of preparation are the same as those used in the annual financial statements for the year ended 30 June 2000.

(b) Prior period adjustment

The Group changed its accounting policy with respect to the treatment of pre-operating expenses as a result of the adoption of the revised SSAP 1, which was subsequently clarified by Interpretation 2.02.9, “Accounting for pre-operating costs” issued by the Hong Kong Society of Accountants. Under the revised accounting policy, pre-operating expenses are charged to the profit and loss account in the period in which they are incurred.

The effect of the change in accounting policy and the prior period adjustment on the consolidated profit and loss account for the period ended 31 December 1999 is a decrease in the loss from operating activities by HK\$2,103,000, an increase in the share of profits of associates by HK\$630,000 and a resulting increase in the net profit from ordinary activities attributable to shareholders by HK\$2,733,000.

(c) Comparative figures

The presentation of financial statements have been changed due to the adoption of the requirements of the revised SSAP 1, “Presentation of financial statements”. As a result, the formats of the condensed consolidated profit and loss account and condensed consolidated balance sheet have been revised in accordance with the SSAP. Certain comparative figures have been reclassified to conform with the current period’s presentation.

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(2) SEGMENT INFORMATION

The Group and its associates engage in the businesses of manufacture and sale of electronic components, including double-sided and multi-layered printed circuit board ("PCB"), liquid crystal displays ("LCD"), magnetic products ("Magnetics") and information technology ("IT").

The following table shows revenue and results information by major business segments for the six months ended 31 December 2000 and 1999 respectively.

	2000					1999 (Restated)				
	Group Con- solidated Total HK\$'000	LCD Products HK\$'000	Magnetic Products HK\$'000	PCB HK\$'000	Corporate and other operat- ions HK\$'000	Group Con- solidated Total HK\$'000	LCD Products HK\$'000	Magnetic Products HK\$'000	PCB HK\$'000	Corporate and other operat- ions HK\$'000
REVENUE										
Turnover	150,210	101,985	48,225	N/A	—	105,444	77,663	27,781	N/A	—
RESULTS										
Profit/(loss) before interest income	(13,402)	(9,484)	6,303	N/A	(10,221)	(13,640)	(11,748)	(3,015)	N/A	1,123
Interest income	2,601	36	18	N/A	2,547	6,424	26	25	N/A	6,373
Profit/(loss) from operating activities	(10,801)	(9,448)	6,321	N/A	(7,674)	(7,216)	(11,722)	(2,990)	N/A	7,496
Finance costs	(5,557)	(3,410)	(109)	N/A	(2,038)	(2,234)	(1,962)	(29)	N/A	(243)
Share of results of associates	112,588	—	—	112,897	(309)	66,249	—	—	66,581	(332)
Tax	(10,733)	—	—	(10,733)	—	(1,876)	—	—	(1,876)	—
Net profit/(loss) attributable to shareholders	85,497	(12,858)	6,212	102,164	(10,021)	54,923	(13,684)	(3,019)	64,705	6,921

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(2) SEGMENT INFORMATION (Cont'd)

An analysis of the Group's turnover and contribution to its profits/(losses) from operating activities by geographical area of the location of customers for the six months ended 31 December 2000 is as follows:

	Turnover		Contribution to profits/ (losses) from operating activities	
	Six months ended		Six months ended	
	31 December		31 December	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
North and Central America	12,536	1,415	596	(147)
Europe	19,489	11,516	1,228	(1,386)
Asia	118,185	92,513	(12,625)	(5,683)
	150,210	105,444	(10,801)	(7,216)

An analysis of turnover and contribution to the profits/(losses) from operating activities for Asia is as follows:

	Turnover		Contribution to profits/ (losses) from operating activities	
	Six months ended		Six months ended	
	31 December		31 December	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	91,369	75,619	(15,491)	(2,908)
Singapore	15,562	11,056	1,800	(1,238)
Other Asian locations	11,254	5,838	1,066	(1,537)
	118,185	92,513	(12,625)	(5,683)

(3) PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Six months ended	
	31 December	
	2000	1999
	HK\$'000	<i>HK\$'000</i>
Depreciation of fixed assets	12,756	13,848
Loss on disposal of fixed assets	170	120
Interest on borrowings	5,557	2,234
Exchange losses/(gains), net	(887)	910
Interest income	(2,601)	(6,424)

(4) TAX

	Six months ended	
	31 December	
	2000	1999
	HK\$'000	<i>HK\$'000</i>
Share of tax of associates	(10,733)	(1,876)

No provision for Hong Kong profits tax has been made by the Company and its subsidiaries because there are no assessable profits arising in Hong Kong during the period, or there are accumulated losses available to set off against assessable profits for the period. No provision for taxes in other jurisdictions has been made as there are no taxable liabilities arising in the jurisdictions in which the Group operated.

No provision for deferred tax has been made by the Company or its subsidiaries as there were no significant timing differences at the end of the period or deferred tax liabilities are set off against deferred tax debit balances.

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(4) TAX (Cont'd)

The share of tax of the associates is the proportionate share of profits tax and deferred tax of associates. The profit tax provision for associates has been calculated by applying the current rate of Hong Kong profits tax of 16% (1999: 16%) to the estimated assessable profits earned in or derived from Hong Kong during the period. Provisions for income taxes in other jurisdictions have been calculated according to the tax rates prevailing in the relevant jurisdictions. Provision for deferred tax by the associates is made, using the liability method on all material timing differences to the extent it is probable that the liabilities will crystallise in the foreseeable future.

(5) DIVIDENDS

	Six months ended 31 December	
	2000	1999
	HK\$'000	HK\$'000
Interim dividend of 3.0 HK cents (1999: 2.0 HK cents) per ordinary share	29,284	19,533
Adjustments to dividends payable in prior years as a result of options exercised	87	3,472
	29,371	23,005

(6) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated net profit attributable to shareholders for the period of HK\$85,497,000 (1999 — restated: HK\$54,923,000) and the weighted average of 975,380,141 (1999: 960,030,250) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the adjusted consolidated net profit attributable to shareholders for the period of HK\$82,272,000 (1999 — restated: HK\$54,923,000) and the weighted average of 976,227,585 (1999: 964,254,544) ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential shares.

(6) EARNINGS PER SHARE (Cont'd)

The adjusted consolidated net profit attributable to shareholders is calculated based on the consolidated net profit attributable to shareholders for the period of HK\$85,497,000 (1999 — restated: HK\$54,923,000) less the dilution in the share of results of an associate by HK\$3,225,000 (1999: nil) arising from the deemed exercise of all the outstanding employee share options of the associate.

The weighted average number of shares used in the calculation of diluted earnings per share is based on the weighted average of 975,380,141 (1999: 960,030,250) shares in issue during the period plus the weighted average of 847,444 (1999: 4,224,294) shares deemed to be issued at no consideration as if all outstanding share options had been exercised.

(7) FIXED ASSETS

For the six months ended 31 December 2000, the Group has acquired fixed assets amounting to approximately HK\$6,783,000.

(8) TRADE RECEIVABLES

The Group operates a controlled credit policy and allows an average credit period of 30-90 days to its trade customers who satisfy the credit evaluation. The aging analysis of trade receivables is as follows:

	31 December 2000 <i>HK\$'000</i>	30 June 2000 <i>HK\$'000</i>
Current	17,117	22,835
Over 30 days	16,583	17,815
Over 60 days	12,762	12,308
Over 90 days	18,180	11,390
Total	64,642	64,348

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(9) TRADE AND BILLS PAYABLES

The aging of trade and bills payables is as follows:

	31 December 2000 HK\$'000	30 June 2000 HK\$'000
Current	17,281	19,304
Over 30 days	7,830	14,645
Over 60 days	3,705	10,649
Over 90 days	4,870	1,638
Over 120 days	2,765	307
Total	36,451	46,543

(10) ISSUED CAPITAL

The movements in issued and fully paid share capital of the Company were as follows:

	31 December 2000 HK\$'000	30 June 2000 HK\$'000
At 1 July	97,176	95,494
Issue of new shares	610	2,170
Shares repurchased and cancelled during the period/year	(174)	(488)
At the end of the period/year	97,612	97,176

- (a) During the period, options were exercised to subscribe for 6,100,000 shares in the Company at subscription price of HK\$0.838 per share. The total consideration was HK\$5,111,800, of which HK\$610,000 was credited to share capital and the balances of HK\$4,501,800 was credited to the share premium account.

(10) ISSUED CAPITAL (Cont'd)

- (b) During the period, 1,745,000 shares were repurchased and cancelled. The total cost of the repurchase was HK\$1,605,728. The premium paid on redemption of the shares has been charged to the share premium account of the Company in accordance with the provisions of the Bermuda Companies Act 1981 (as amended). An amount equivalent to the par value of the shares cancelled has been transferred from retained profits of the Company to a capital redemption reserve.

(11) RESERVES

	Share premium account <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Statutory and other reserves <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2000	50,834	(61,375)	26,004	12,431	594,530	622,424
Currency translation differences	—	(12,054)	—	—	—	(12,054)
Issue of new shares	4,502	—	—	—	—	4,502
Repurchase of shares	(1,431)	—	174	—	(174)	(1,431)
Net profit attributable to shareholders	—	—	—	—	85,497	85,497
Dividends	—	—	—	—	(29,371)	(29,371)
Transfers (from)/to retained earnings	—	—	—	(3,869)	3,869	—
At 31 December 2000	53,905	(73,429)	26,178	8,562	654,351	669,567

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(12) COMMITMENTS

(a) Capital commitments

	31 December 2000 HK\$'000	30 June 2000 HK\$'000
Contracted for	127,770	85,541
Authorised, but not contracted for	32,755	—
	160,525	85,541

(b) Commitments under operating leases

At 31 December 2000, the Group had commitments to make payments in the next twelve months under operating leases which expire as follow:

	31 December 2000 HK\$'000	30 June 2000 HK\$'000
Land and buildings		
Within one year	2,209	2,157
In the second to fifth year, inclusive	3,668	1,056
Over five years	160	—
	6,037	3,213

INTERIM DIVIDENDS

The Board had resolved to pay an interim dividend of 3.0 HK cents (1999: 2.0 HK cents) per share in respect of the six months ended 31 December 2000 to shareholders whose names appear on the Registers of Members on 27 February 2001. Dividend warrants will be sent to shareholders on or about 16 March 2001.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed from 26 February 2001 to 27 February 2001, both dates inclusive. In order to qualify for the interim dividend, transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00pm on 23 February 2001.

BONUS ISSUE OF SHARES

The Board proposes a bonus issue of shares ("Bonus Shares") of HK\$0.10 each, credited as fully paid by way of capitalisation of part of the Company's share premium account, on the basis of one Bonus Share for every five existing shares held by the shareholders, conditional on shareholders' approval at a special general meeting, the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant listing of and permission to deal in the Bonus Shares and the approval of Bermuda Monetary Authority if required.