

## NOTES TO CONDENSED FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The condensed consolidated interim financial statement are unaudited and have been prepared in accordance with the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Statements of Standard Accounting Practice No. 25 (SSAP 25) "Interim Financial Reporting" except that, in the first year of implementation of SSAP 25, as permitted by the Listing Rules, no comparative figures have been presented for the condensed cash flow statement.

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 30 September 2000.

### 2. SEGMENT INFORMATION

The Group is principally engaged in the design, manufacture and sale of DC switches, AC switches, jacks, AC sockets and speaker terminals, all of which are basic components commonly used in electrical appliances and electronic products such as audio and video, telecommunication equipment, toys and computers.

An analysis of the Group's turnover and contribution to operating profit for the period by principal activities and markets is as follows:

	Turnover Six months ended 31 March		Contribution to operating profit Six months ended 31 March	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Principal activities:				
DC switches	23,581	34,291	(1,197)	1,746
AC switches	1,461	1,453	(72)	79
Jacks	27,307	23,935	(1,371)	1,255
AC sockets	4,649	5,926	(228)	316
Speaker terminals	5,919	6,498	(296)	344
	<u>62,917</u>	<u>72,103</u>	<u>(3,164)</u>	<u>3,740</u>
Add: Interest income			3,543	2,599
			<u>379</u>	<u>6,339</u>
Principal markets:				
People's Republic of China:				
Hong Kong, SAR	47,203	59,709	(617)	4,396
Other countries	15,714	12,394	996	1,943
	<u>62,917</u>	<u>72,103</u>	<u>379</u>	<u>6,339</u>

### 3. PROFIT FROM OPERATING ACTIVITIES

Profit from operating activities was determined after charging/(crediting):

	2001 HK\$'000	2000 HK\$'000
Depreciation	6,627	8,257
Gain on disposals of fixed assets	1	-
Interest income	<u>(3,543)</u>	<u>(2,599)</u>

### 4. TAX

	2001 HK\$'000	2000 HK\$'000
Current:		
Hong Kong	-	100
Overseas	-	820
Underprovision in prior years	<u>61</u>	<u>-</u>
Tax charge for the period	<u>61</u>	<u>920</u>

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

A subsidiary of the Company operating in the People's Republic of China (the "PRC") is exempted from income tax for two years starting from the first profitable year of operation in 1995 and is entitled to 50 per cent. relief from income tax for the following three years under the Income Tax Law and the Implementary Regulations thereof of the PRC. The tax concession had expired in the prior year. During the year, provision for income tax has been made at the applicable rate for the PRC subsidiary.

### 5. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 March 2001 (2000: Nil).

### 6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders for the period of approximately HK\$437,000 (2000: HK\$5,419,000) and the weighted average of 280,000,000 (2000: 280,000,000) shares in issue during the period.

The calculation of diluted earnings per share is based on the Group's unaudited net profit from ordinary activities attributable to shareholders for the period of approximately HK\$437,000 (2000: HK\$5,419,000) and the weighted average of 295,852,222 (2000: 280,215,038) shares outstanding during the period adjusted for the effects of all dilutive potential shares.

The weighted average number of shares used in the calculation of diluted earnings per share is based on the weighted average of 280,000,000 (2000: 280,000,000) shares in issue during the period plus the weighted average of 15,852,222 (2000: 215,038) shares deemed to be issued at no consideration if certain outstanding share options had been exercised.

## 7. ACCOUNTS RECEIVABLE

The ageing analysis of accounts receivable is as follows:

Current – 3 months  
4 – 6 months  
7 – 12 months

31 March 2001 HK\$'000	30 September 2000 HK\$'000
26,631	46,674
5,840	6,445
3	20
<b>32,474</b>	<b>53,139</b>

Payment terms with customers are largely on credit. Invoices are normally payable within 90 days of issuance, except for certain well established customers, where the terms are extended to 120 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management.

## 8. ACCOUNTS PAYABLE

The ageing analysis of accounts payable is as follows:

Current – 3 months  
4 – 6 months

31 March 2001 HK\$'000	30 September 2000 HK\$'000
10,135	12,725
16	260
<b>10,151</b>	<b>12,985</b>