

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company.

Its subsidiaries are engaged principally in the manufacture and sale of various consumer electronic products. Its associate is engaged in the manufacture and sale of printed circuit boards.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties. The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to March 31 each year.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Goodwill or capital reserve represents respectively the excess or shortfall of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of subsidiaries or associates at the date of acquisition. Any goodwill or capital reserve arising is written off or credited directly to reserves in the year of acquisition.

On disposal of a subsidiary or an associate, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost or valuation less depreciation and amortisation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset. The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected cash flows are not discounted to their present values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Certain of the Group's land and buildings were revalued in previous accounting periods. Advantage has been taken of the transitional relief provided by paragraph 72 of Statement of Standard Accounting Practice No. 17 "Property, Plant and Equipment" issued by the Hong Kong Society of Accountants from the requirement to make revaluation on a regular basis of the Group's land and buildings revalued prior to September 30, 1995 and accordingly no further revaluation of land and buildings will be carried out.

The surplus arising on revaluation of property, plant and equipment in previous years was credited to the asset revaluation reserve. Any future decrease in net carrying amount of these assets will be charged to the income statement to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to previous revaluation of that particular asset. On the subsequent sale of assets, the attributable revaluation surplus not yet transferred to accumulated profits in prior years will be transferred to accumulated profits.

The cost or valuation of leasehold buildings is depreciated over twenty-five years by equal annual instalments. The cost or valuation of leasehold land is amortised over the remaining period of the leases, or over a period of fifty years if shorter, by equal annual instalments. Freehold land is not amortised.

Depreciation is provided to write off the depreciable amount of other property, plant and equipment, other than construction in progress, over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Furniture, fixtures and equipment	15 – 20%
Plant and machinery	15 – 25%
Motor vehicles	20%

Construction in progress is stated at cost. Cost includes all development expenditure and other direct costs attributable to such projects. It is not depreciated until completion of construction. Cost on completed construction works is transferred to other categories of property, plant and equipment.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as assets owned by the Group or, where shorter, the term of the relevant leases.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Investment properties (continued)

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant leases is twenty years or less.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any impairment loss.

Interest in an associate

An associate is an enterprise over which the Group is in a position to exercise significant influence through participation in financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in the Group's financial statements using the equity method of accounting. The carrying amount of such interests is reduced by any impairment loss.

Research and development costs

Expenditure on research and development is charged to the income statement in the year in which it is incurred except where a major project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activity. Such development costs are capitalised and written off over the life of the project from the date of commencement of commercial operation subject to a maximum period of two years.

Patents and trademarks

Patents and trademarks are originally stated at cost and amortised over their estimated useful lives or, where shorter, a maximum period of five years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less trade discounts, all estimated costs to completion and the estimated costs necessary to make the sale.

Property held for resale

Property held for resale is stated at the lower of cost and net realisable value. Cost represents the net carrying value of the property at the time when it was reclassified from property, plant and equipment. Net realisable value represents the estimated selling price less estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The liability to the lessor, net of interest charges, is included in the balance sheet as obligations under finance leases. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases. The rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the leases.

Turnover

Turnover represents the total amounts received and receivable for goods sold, less returns, to outside customers during the year.

Revenue recognition

Sale of goods is recognised when goods are delivered and title has passed.

Dividend income is recognised when the Group's right to receive dividends has been established.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Mould construction income is recognised when construction is completed and the mould is delivered.

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expense are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

The Group enters into foreign currency forward contracts to hedge specific foreign currency commitments and foreign currency monetary assets and liabilities. Profits and losses on contracts that hedge specific foreign currency commitments are deferred and recognised as part of the specific transaction hedged. Any gain or loss arising on other forward contracts is taken to the income statement.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

On consolidation, the financial statements of overseas subsidiaries and operations are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in the currency translation reserve.

Retirement scheme

The amount of the Group's contributions payable in respect of the current year to the Group's defined contribution schemes is charged to the income statement.

3. OTHER REVENUE

	2001 HK\$'m	2000 HK\$'m
Other revenue includes the following items:		
Bank interest income	24.3	16.6
Insurance recovery of damages to inventories and property, plant and equipment due to flooding	19.3	–
Mould construction income	8.3	8.9
Rental income under operating leases, net of outgoings	0.7	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

4. PROFIT FROM OPERATIONS

	2001 HK\$'m	2000 HK\$'m
Profit from operations has been arrived at after charging:		
Directors' emoluments (note 5)	17.3	24.8
Other staff costs	352.3	339.2
Retirement benefits scheme contributions, net of forfeited contributions of HK\$1.1 million (2000: HK\$0.2 million)	3.2	2.8
Total staff costs	372.8	366.8
Less: Amount capitalised in development costs	(21.7)	(14.9)
	351.1	351.9
Amortisation of other assets		
– development costs	21.9	21.8
– patents and trademarks	0.1	0.1
Auditors' remuneration	4.2	4.6
Depreciation and amortisation of property, plant and equipment		
– owned assets	48.2	39.0
– assets held under finance leases	0.4	0.3
Development costs written off	6.7	0.3
Loss arising from properties		
– write down of leasehold land and buildings charged to the income statement	4.3	–
– deficit on revaluation of investment properties	0.9	–
Loss on disposal of property, plant and equipment	17.6	2.9
Rentals under operating leases in respect of		
– land and buildings	27.3	12.4
– others	1.8	1.0

5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2001 HK\$'m	2000 HK\$'m
Directors' fees	1.3	1.1
Other emoluments		
– salaries and other benefits	9.1	11.6
– performance related incentive payments	6.7	11.8
– retirement scheme contributions	0.2	0.3
	17.3	24.8

The amounts for the year ended March 31, 2001 disclosed above include directors' fees of HK\$0.5 million payable to independent non-executive directors. The amounts for the year ended March 31, 2000 included directors' fees of HK\$0.5 million and other emoluments which represented salaries and other benefits of HK\$0.3 million paid and payable to independent non-executive directors.

Emoluments of the directors were within the following bands:

	Number of director(s)	
	2001	2000
Nil up to HK\$1,000,000	5	3
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$4,000,001 to HK\$4,500,000	1	–
HK\$6,500,001 to HK\$7,000,000	–	1
HK\$8,500,001 to HK\$9,000,000	1	–
HK\$10,000,001 to HK\$10,500,000	–	1

Of the five highest paid employees of the Group, three (2000: four) were directors of the Company whose emoluments are included in above. The emoluments of the remaining two (2000: one) highest paid individuals are as follows:

	2001 HK\$'m	2000 HK\$'m
Salaries and other benefits	4.4	1.9
Performance related incentive payments	0.4	–
	4.8	1.9

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Their emoluments were within the following bands:

	Number of employee(s)	
	2001	2000
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	1	–

6. FINANCE COSTS

	2001 HK\$'m	2000 HK\$'m
Finance lease charges	(0.1)	(0.2)
Interest on bank and other borrowings wholly repayable within five years	(4.2)	(3.8)
Total finance costs	(4.3)	(4.0)

7. OTHER NON-OPERATING INCOME

	2001 HK\$'m	2000 HK\$'m
Other non-operating income comprises:		
Gain on deemed disposal arising from dilution of interest in a subsidiary listed on the Singapore Exchange Securities Trading Limited as a result of the exercise of share options	2.6	4.2
Gain on disposal and deemed disposal of 25% interest in a subsidiary upon the separate listing of the subsidiary's shares on the Singapore Exchange Securities Trading Limited	–	197.3
Gain on disposal and deemed disposal of 12.7% interest in an associate upon the separate listing of the associate's shares on the Singapore Exchange Securities Trading Limited	–	9.6
	2.6	211.1

8. TAXATION

	2001 HK\$'m	2000 HK\$'m
The charge consists of:		
Hong Kong Profits Tax calculated at 16% (2000: 16%) of the estimated assessable profit for the year		
– current year	(29.6)	(37.1)
– over(under)provision in prior years	5.9	(5.0)
Overseas tax calculated at rates ruling in the respective jurisdictions		
– current year	(6.2)	(8.2)
– over(under)provision in prior years	0.5	(2.8)
Deferred taxation credit (charge) (note 25)	2.3	(4.5)
	(27.1)	(57.6)
Share of taxation of an associate		
– Hong Kong Profits Tax	(0.5)	(0.4)
	(27.6)	(58.0)

Certain of the Group's subsidiaries in the People's Republic of China (the "PRC") other than in Hong Kong are entitled to exemption from PRC income tax in their first two years of profitable operation, and thereafter are entitled to a relief of 50% on the normal income tax rate in the following three years.

The deferred taxation credit (charge) for the year is in respect of the following timing differences:

	2001 HK\$'m	2000 HK\$'m
Tax effect on timing differences in respect of:		
Excess of depreciation allowance claimed for tax purpose over depreciation charged in the financial statements	(2.1)	(4.4)
Deferred development costs allowable on an incurred basis for tax purpose	(1.0)	(0.1)
Taxation losses arising during the year	5.4	–
	2.3	(4.5)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Of the profit attributable to shareholders for the year, a profit of HK\$99.9 million (2000: HK\$199.8 million) has been dealt with in the income statement of the Company.

10. DIVIDENDS

	2001 HK\$'m	2000 HK\$'m
Interim dividend paid of 2.0 HK cents per share in cash with scrip option (2000: 2.0 HK cents per share in cash) on 2,058,512,481 shares (2000: 1,966,991,372 shares)	(41.2)	(39.3)
Final dividend proposed of 2.5 HK cents per share in cash (2000: 5.0 HK cents per share in cash with scrip option) on 2,065,932,907 shares (2000: 1,972,609,872 shares)	(51.6)	(98.6)
Adjustment of final dividend underprovided in the prior year	(0.1)	(0.7)
	(92.9)	(138.6)

11. EARNINGS PER SHARE

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

	2001 HK\$'m	2000 HK\$'m
Net profit for the year for the purpose of basic earnings per share	132.8	352.6
Effect of dilutive potential ordinary shares: Adjustment to the share of result of a subsidiary based on dilution of its earnings per share	(1.5)	(4.4)
Net profit for the purpose of diluted earnings per share	131.3	348.2

11. EARNINGS PER SHARE (continued)

Number of ordinary shares:

	2001	2000
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,018,262,662	1,962,178,691
Effect of dilutive potential ordinary shares: Options	4,942,317	15,061,385
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,023,204,979	1,977,240,076

12. INVESTMENT PROPERTIES

	HK\$m
Valuation	
Transfer from leasehold land and buildings	7.5
Valuation deficit	(0.9)
At March 31, 2001	6.6

The investment properties of the Group were revalued at March 31, 2001 on an open market value basis by Vigers Hong Kong Ltd., an independent firm of professional valuers. The deficit arising on the revaluation amounting to HK\$0.9 million has been charged to the income statement.

The investment properties are situated in Hong Kong and are held under medium-term leases. They are rented out under operating leases.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$m	Construction in progress HK\$m	Furniture, fixtures and equipment HK\$m	Plant and machinery HK\$m	Motor vehicles HK\$m	Total HK\$m
The Group						
Cost or valuation						
At April 1, 2000	99.3	–	128.0	208.7	16.3	452.3
Currency realignment	(1.3)	–	(1.4)	–	(0.5)	(3.2)
Additions	0.8	12.2	80.8	78.4	2.8	175.0
Disposals	(4.1)	–	(19.2)	(26.7)	(4.3)	(54.3)
Write down	(9.5)	–	–	–	–	(9.5)
Transfer to investment properties	(11.9)	–	–	–	–	(11.9)
At March 31, 2001	73.3	12.2	188.2	260.4	14.3	548.4
Comprising:						
At cost	8.5	12.2	188.2	260.4	14.3	483.6
At valuation						
– 1993	56.7	–	–	–	–	56.7
– 1994	8.1	–	–	–	–	8.1
	73.3	12.2	188.2	260.4	14.3	548.4
Depreciation and amortisation						
At April 1, 2000	17.4	–	53.9	82.2	6.6	160.1
Currency realignment	(0.2)	–	(0.6)	–	(0.1)	(0.9)
Provided for the year	2.8	–	17.5	25.8	2.5	48.6
Eliminated on disposals	(0.9)	–	(12.0)	(16.4)	(2.8)	(32.1)
Transfer to investment properties	(4.4)	–	–	–	–	(4.4)
At March 31, 2001	14.7	–	58.8	91.6	6.2	171.3
Net book values						
At March 31, 2001	58.6	12.2	129.4	168.8	8.1	377.1
At March 31, 2000	81.9	–	74.1	126.5	9.7	292.2

13. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year, the carrying value of certain leasehold land and buildings was written down to reflect the decline in value before the transfer of those properties to investment properties. The write down amounted to HK\$9.5 million, of which HK\$5.2 million has been charged to the asset revaluation reserve (see note 24) and the remaining balance of HK\$4.3 million, being the excess of the write down over the balance on the asset revaluation reserve relating to previous revaluation of those properties, is charged to the income statement.

At March 31, 2001, the net book value of assets held under finance leases amounted to HK\$0.4 million (2000: HK\$1.2 million).

The valuation of land and buildings in 1993 was made by Vigers Hong Kong Limited, a firm of professional property valuers, at March 31, 1993, on an open market value and existing use basis.

The valuation of land and buildings in 1994 was made by Erwin Foos, a firm of architects in Germany, at May 6, 1993 on the average of gross rental basis and current market values basis, which are generally accepted valuation bases in Germany.

The net book value of land and buildings of the Group includes land held under:

	2001 HK\$m	2000 HK\$m
Long leases situated in Hong Kong	5.1	5.2
Medium term leases situated in Hong Kong	41.8	64.2
Freehold situated outside Hong Kong	11.7	12.5
	58.6	81.9

Had all the land and buildings been carried at cost less accumulated depreciation and amortisation, the carrying value of the land and buildings would have been stated at approximately HK\$28.3 million (2000: HK\$42.3 million).

14. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2001 HK\$m	2000 HK\$m
Unlisted investments, at deemed cost	204.8	204.8

The deemed cost of the unlisted investments is based on the underlying net assets of the subsidiaries attributable to the Group at the date of acquisition of the interest in the relevant subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

14. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the principal subsidiaries of the Company at March 31, 2001 are as follows:

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital held by the Company		Principal activities
			Held by the Company	Attributable to the Group	
Directly held					
			%	%	
Integrated Display Technology (Holdings) Limited	Hong Kong	HK\$1,000	100		Investment holding
Indirectly held					
Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Held by the Company	Attributable to the Group	Principal activities
			%	%	
Exact-Time Company Limited	Hong Kong	HK\$2	100	63	Manufacture of consumer electronic products and plastic parts and provision of surface mount technology assembly services
Huger Electronics GmbH	Germany	DM600,000*	100	63	Distribution of consumer electronic products
I-Comm Technology Limited	Bermuda	US\$15,486,900	75	75	Investment holding
IDT (Japan) Limited	Japan	JPY30,000,000	100	100	Trading of consumer electronic products
IDT (U.K.) Limited	United Kingdom	GBP2	100	100	Trading of consumer electronic products

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital held by the Company		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
IDT Communication Technology Limited	Hong Kong	HK\$2	100	75	Trading of telecommunication products
IDT Data System Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products
IDT Electronic Products Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products
IDT Enterprise (Shanghai) Ltd.	PRC	US\$680,000	100	100	Trading of consumer electronic products
IDT Holdings (Singapore) Limited	Singapore	S\$35,349,825	63	63	Investment holding
IDT Italia S.r.l.	Italy	Lire50,000,000	100	100	Trading of consumer electronic products
IDT Information Products (Holdings) Limited (formerly OSI Information Products (Holdings) Limited)	British Virgin Islands	US\$80	100	100	Investment holding
IDT-Sein Health Electronics Limited	Hong Kong	HK\$2,000,000	60	38	Trading of consumer electronic products
IDT Technology Limited	Hong Kong	HK\$2	100	63	Trading of consumer electronic products
Innovative Products Manufacturing Company Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products

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14. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital held by the Company		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
Integrated Display Technology France S.A.R.L.	France	FRF100,000	100	100	Trading of consumer electronic products
Integrated Display Technology Ibérica, S.L.	Spain	ESP1,000,000	100	100	Trading of consumer electronic products
Integrated Display Technology Limited	Hong Kong	HK\$6,000,000	100	100	Provision of group administrative services
Integrated Display Technology Telecommunications (Shenzhen) Co., Ltd.	PRC	RMB11,000,000	100	75	Manufacture and sale of telecommunication products
King Win Electronics Limited	Hong Kong	HK\$20	100	100	Manufacture of consumer electronic products
Ming Win Electronics Limited	Hong Kong	HK\$2	100	100	Manufacture of consumer electronic products
Oregon Scientific Asia Pacific Limited	Hong Kong	HK\$2	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Australia Pty Limited	Australia	A\$10,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific (Cook Islands) Limited	Cook Islands	US\$1	100	100	Trading of consumer electronic products
Oregon Scientific (Deutschland) GmbH	Germany	DM2,550,000**	100	100	Marketing and distribution of consumer electronic products

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital held by the Company		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
Oregon Scientific France S.A.R.L.	France	FRF50,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Global Distribution Limited	Hong Kong	HK\$2	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Holdings (Europe) Limited	United Kingdom	GBP2	100	100	Investment holding
Oregon Scientific Ibérica, S.A.	Spain	EUR100,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific, Inc.	United States of America	US\$2,060,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Italia S.p.A.	Italy	Lire300,000,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific (U.K.) Limited	United Kingdom	GBP2	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Polska Sp. z o.o.	Poland	PLN504,000	100	100	Marketing and distribution of consumer electronic products
Tekom Industries Limited	Hong Kong	HK\$10,000	100	75	Manufacture and sale of telecommunication products

* Huger Electronics GmbH has paid-up surplus of DM1,800,000. At the balance sheet date, DM2,900,000 was injected as capital increment while the registration process was completed on May 17, 2001.

** Oregon Scientific (Deutschland) GmbH has paid-up surplus of DM450,000.

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14. INVESTMENTS IN SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for Exact-Time Company Limited, King Win Electronics Limited and Ming Win Electronics Limited which operate in the PRC other than Hong Kong and the investment holding companies which have no definite place of operation, all of the above subsidiaries operate principally in their respective place of incorporation/establishment.

None of the subsidiaries had any loan capital outstanding as at March 31, 2001 or at any time during the year.

15. INTEREST IN AN ASSOCIATE

	The Group	
	2001 HK\$m	2000 HK\$m
Share of net assets	53.0	45.7
Market value at balance sheet date	40.9	88.8

Details of the Group's associate at March 31, 2001 are as follows:

Name of associated company	Place of incorporation	Proportion of nominal value of issued ordinary share capital held indirectly by the Company	Principal activities
Kyosha Holdings (Singapore) Limited	Bermuda	37%	Manufacture and sale of printed circuit boards

Kyosha Holdings (Singapore) Limited is a company listed on the Singapore Exchange Securities Trading Limited and has a December 31 financial year end date. For the purpose of accounting for the result of the associate in the Group's financial statements, the latest audited financial statements of the associate have been used.

16. OTHER ASSETS

	Development costs HK\$m	The Group Patents and trademarks HK\$m	Total HK\$m	The Company Patents and trademarks HK\$m
Cost				
At April 1, 2000	86.6	1.7	88.3	1.7
Additional costs incurred	35.1	-	35.1	-
Write-off	(39.9)	-	(39.9)	-
At March 31, 2001	81.8	1.7	83.5	1.7
Amortisation				
At April 1, 2000	60.6	1.5	62.1	1.5
Provided for the year	21.9	0.1	22.0	0.1
Eliminated on write-off	(33.2)	-	(33.2)	-
At March 31, 2001	49.3	1.6	50.9	1.6
Net book values				
At March 31, 2001	32.5	0.1	32.6	0.1
At March 31, 2000	26.0	0.2	26.2	0.2

17. INVENTORIES

	The Group	
	2001 HK\$m	2000 HK\$m
Raw materials	116.9	195.3
Work in progress	34.0	49.1
Finished goods	283.6	185.3
	434.5	429.7

Included above are raw materials of HK\$23.4 million (2000: HK\$25.3 million), work in progress of HK\$0.6 million (2000: HK\$0.2 million) and finished goods of HK\$32.1 million (2000: HK\$18.4 million) which are carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

18. PROPERTY HELD FOR RESALE

The property held for resale is situated in the PRC other than Hong Kong, and is held under a long term lease.

19. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers a credit period normally ranging from letter of credit at sight to 30 days. A longer credit period is granted to a few customers with long business relationships and strong financial positions.

	The Group	
	2001 HK\$m	2000 HK\$m
The following is an aged analysis of trade receivables at the balance sheet date:		
Not yet due	236.7	306.2
Overdue 30 days	38.3	63.5
Overdue 31 to 90 days	13.8	10.5
Overdue more than 90 days	3.1	9.8
	291.9	390.0
Other receivables	87.4	81.2
	379.3	471.2

20. TRADE AND OTHER PAYABLES

	The Group	
	2001 HK\$m	2000 HK\$m
The following is an aged analysis of trade payables at the balance sheet date:		
Not yet due	111.1	180.4
Overdue 30 days	56.4	97.9
Overdue 31 to 90 days	3.8	25.5
Overdue more than 90 days	0.8	1.0
	172.1	304.8
Other payables	122.4	141.9
	294.5	446.7

21. OBLIGATIONS UNDER FINANCE LEASES

	The Group	
	2001 HK\$'m	2000 HK\$'m
The maturity of obligations under finance leases is as follows:		
Within one year	0.2	0.4
Between one and two years	0.1	0.4
Between two and five years	–	0.2
Total	0.3	1.0
Less: amount due within one year included under current liabilities	(0.2)	(0.4)
Amount due after one year	0.1	0.6

22. BANK BORROWINGS

	The Group	
	2001 HK\$'m	2000 HK\$'m
Bills payable and import loans	36.4	47.0
Bank loans	–	6.6
Bank overdrafts	3.3	–
	39.7	53.6
Analysed as:		
Secured	–	–
Unsecured	39.7	53.6
	39.7	53.6

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

23. SHARE CAPITAL

	2001 \$'m	2000 \$'m
Authorised:		
2,500,000,000 (2000: 2,500,000,000) ordinary shares of HK\$0.10 each	HK\$250.0	HK\$250.0
10,000 (2000: 10,000) ordinary shares of US\$0.10 each	-	-
Issued and fully paid:		
2,065,932,907 (2000: 1,972,609,872) ordinary shares of HK\$0.10 each	HK\$206.6	HK\$197.3

The movements in the share capital of the Company are summarised as follows:

Authorised:

	Ordinary shares of HK\$0.10 each		Ordinary shares of US\$0.10 each	
	Number of shares	Amount HK\$m	Number of shares	Amount HK\$m
At April 1, 1999	1,600,000,000	160.0	10,000	-
Increase in share capital	900,000,000	90.0	-	-
At March 31, 2000 and March 31, 2001	2,500,000,000	250.0	10,000	-

23. SHARE CAPITAL (continued)

Issued and fully paid:

	Number of shares	Amount HK\$m
At April 1, 1999	1,114,641,071	111.5
Issue of shares on the exercise of share options prior to the bonus issue of shares	9,354,000	0.9
Bonus issue of shares	842,996,301	84.3
Issue of shares on the exercise of share options subsequent to the bonus issue of shares	5,618,500	0.6
At March 31, 2000	1,972,609,872	197.3
Issue of shares on the exercise of share options	3,684,750	0.4
Issue of shares to satisfy 2000 final dividend in scrip form	83,442,859	8.3
Issue of shares to satisfy 2001 interim dividend in scrip form	6,195,426	0.6
At March 31, 2001	2,065,932,907	206.6

Changes in the share capital of the Company in the year ended March 31, 2000 are as follows:

- (a) Pursuant to an ordinary resolution passed in a special general meeting of the Company held on August 18, 1999, the authorised share capital of the Company was increased from HK\$160,000,000 and US\$1,000 divided into 1,600,000,000 ordinary shares of HK\$0.10 each and 10,000 ordinary shares of US\$0.10 each respectively to HK\$250,000,000 and US\$1,000 divided into 2,500,000,000 ordinary shares of HK\$0.10 each and 10,000 ordinary shares of US\$0.10 each respectively by the creation of 900,000,000 additional ordinary shares of HK\$0.10 each. Such new shares rank *pari passu* in all respects with the then existing shares in the share capital of the Company.
- (b) Pursuant to another ordinary resolution passed in the same meeting, a bonus issue of shares on the basis of three bonus shares for every four existing shares then held by shareholders on August 18, 1999 was approved. As a result of the bonus issue of shares, the Company allotted and issued 842,996,301 new ordinary shares of HK\$0.10 each, credited as fully paid at par, by the capitalisation of HK\$61,823,243 from the share premium account and the remaining balance from the contributed surplus account.
- (c) During the year ended March 31, 2000 and prior to the bonus issue of shares as explained above, as a result of the exercise of employees' share options, the Company allotted and issued a total of 9,084,000 and 270,000 ordinary shares of HK\$0.10 each for cash at HK\$0.320 per share and HK\$0.326 per share respectively. Subsequent to the three-for-four bonus issue of shares and until March 31, 2000, the Company further allotted and issued a total of 1,312,500 and 4,306,000 ordinary shares of HK\$0.10 each for cash at HK\$0.174 per share and HK\$0.509 per share respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

23. SHARE CAPITAL (continued)

All the shares issued in the year ended March 31, 2000 above rank pari passu in all respects with the then existing shares in issue.

Changes in the share capital of the Company during the year are as follows:

- (d) At the Company's last annual general meeting held on August 28, 2000, a final dividend of 5.0 HK cents per share in cash with scrip option was approved. On September 25, 2000, 83,442,859 new ordinary shares of HK\$0.10 each of the Company were allotted and issued, credited as fully paid, at the issue price of HK\$0.756 per share to the shareholders who elected to receive the dividend in scrip form.
- (e) During the year, the Company allotted and issued a total of 3,212,250 and 472,500 ordinary shares of HK\$0.10 each for cash at the exercise prices of HK\$0.509 per share and HK\$0.186 per share respectively as a result of the exercise of employees' share options.
- (f) At a board meeting held on December 6, 2000, an interim dividend of 2.0 HK cents per share in cash with scrip option was declared. On February 2, 2001, 6,195,426 new ordinary shares of HK\$0.10 each of the Company were issued and allotted, credited as fully paid, at the issue price of HK\$0.612 per share to the shareholders who elected to receive the dividend in scrip form.

All the shares issued during the year rank pari passu in all respects with the then existing shares in issue.

24. RESERVES

	Asset revaluation reserve HK\$'m	Currency translation reserve HK\$'m	Capital reserve HK\$'m	Share premium HK\$'m	Revenue reserve HK\$'m	Total HK\$'m
The Group						
At April 1, 1999	44.6	(5.1)	(4.6)	59.8	481.7	576.4
Currency realignment	-	(0.7)	-	-	-	(0.7)
Premium on issue of shares as a result of the exercise of share options	-	-	-	3.9	-	3.9
Capitalisation of share premium and revenue reserve for the bonus issue of shares	-	-	-	(61.8)	(22.5)	(84.3)
Write-off of goodwill arising on acquisition of additional interest in a subsidiary	-	-	(6.6)	-	-	(6.6)
Realised on disposal and deemed disposal of interests in subsidiaries	(0.8)	0.5	3.2	-	-	2.9
Realised on disposal and deemed disposal of interest in an associate	-	-	1.0	-	-	1.0
Share of reserve of an associate	-	-	(0.5)	-	-	(0.5)
Net profit for the year	-	-	-	-	352.6	352.6
Dividends (note 10)	-	-	-	-	(138.6)	(138.6)
At March 31, 2000	43.8	(5.3)	(7.5)	1.9	673.2	706.1
Currency realignment	-	(2.3)	-	-	-	(2.3)
Premium on issue of shares as a result of the exercise of share options	-	-	-	1.3	-	1.3
Premium on issue of shares to satisfy dividends in scrip form	-	-	-	57.9	-	57.9
Write down of leasehold land and buildings	(5.2)	-	-	-	-	(5.2)
Realised on dilution of interests in subsidiaries	(0.1)	0.2	-	-	-	0.1
Transfer to revenue reserve upon disposal of leasehold land and buildings	(0.2)	-	-	-	0.2	-
Net profit for the year	-	-	-	-	132.8	132.8
Dividends (note 10)	-	-	-	-	(92.9)	(92.9)
At March 31, 2001	38.3	(7.4)	(7.5)	61.1	713.3	797.8
Attributable to an associate: At March 31, 2001	-	(0.5)	(0.5)	-	25.9	24.9
At March 31, 2000	-	(0.5)	(0.5)	-	18.6	17.6

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

24. RESERVES (continued)

	Contributed surplus HK\$m	Share premium HK\$m	Accumulated profits HK\$m	Total HK\$m
The Company				
At April 1, 1999	148.7	59.8	12.9	221.4
Premium on issue of shares as a result of the exercise of share options	-	3.9	-	3.9
Capitalisation of share premium and contributed surplus for the bonus issue of shares	(22.5)	(61.8)	-	(84.3)
Net profit for the year	-	-	199.8	199.8
Dividends (note 10)	-	-	(138.6)	(138.6)
At March 31, 2000	126.2	1.9	74.1	202.2
Premium on issue of shares as a result of the exercise of share options	-	1.3	-	1.3
Premium on issue of shares to satisfy dividends in scrip form	-	57.9	-	57.9
Net profit for the year	-	-	99.9	99.9
Dividends (note 10)	-	-	(92.9)	(92.9)
At March 31, 2001	126.2	61.1	81.1	268.4

The contributed surplus of the Company arises from the difference between the nominal amount of the share capital issued by the Company and the book value of the underlying net assets of Integrated Display Technology (Holdings) Limited acquired as a result of a group reorganisation in 1990, less amount subsequently capitalised as a result of the bonus issue of shares in 2000.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

24. RESERVES (continued)

In the opinion of the directors, the Company's reserves available for distribution to shareholders at the balance sheet date are as follows:

	2001 HK\$'m	2000 HK\$'m
Contributed surplus	126.2	126.2
Accumulated profits	81.1	74.1
	207.3	200.3

25. DEFERRED TAXATION

	The Group	
	2001 HK\$'m	2000 HK\$'m
At beginning of the year	9.8	5.3
(Credit) charge for the year (note 8)	(2.3)	4.5
At end of the year	7.5	9.8

At the balance sheet date, the major components of the deferred taxation liabilities (assets) provided for in the financial statements are as follows:

	The Group	
	2001 HK\$'m	2000 HK\$'m
Tax effect on timing differences in respect of:		
Excess of depreciation allowance claimed for tax purpose over depreciation charged in the financial statements	7.7	5.6
Deferred development costs allowable on an incurred basis for tax purpose	5.2	4.2
Unutilised estimated taxation losses carried forward	(5.4)	–
	7.5	9.8

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

25. DEFERRED TAXATION (continued)

At the balance sheet date, the major components of the net potential deferred taxation liabilities (assets) not provided for in the financial statements are as follows:

The Group		
	2001	2000
	HK\$'m	HK\$'m
Excess of depreciation allowance claimed for tax purpose over depreciation charged in the financial statements	8.8	2.8
Deferred development costs allowable on an incurred basis for tax purpose	0.1	–
Unutilised estimated taxation losses carried forward	(5.3)	(10.9)
	3.6	(8.1)

The major components of the net potential deferred taxation charge (credit) not provided for in the financial statements during the year are as follows:

The Group		
	2001	2000
	HK\$'m	HK\$'m
Difference between depreciation allowance claimed for tax purpose and depreciation charged in the financial statements	6.0	(5.4)
Deferred development costs allowable on an incurred basis for tax purpose	0.1	–
Taxation losses utilised (arising) during the year	5.6	(8.0)
	11.7	(13.4)

The net potential deferred taxation liabilities (assets) have not been provided in the financial statements as it is not expected that the timing differences will reverse in the foreseeable future after taking into account of the Group's medium term financial plans and projections.

Deferred taxation has not been provided on the valuation surplus arising from the revaluation of the leasehold land and buildings as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the valuation surplus does not constitute a timing difference for taxation purposes.

The Company did not have any significant unprovided deferred taxation arising during the year or at the balance sheet date.

26. SHARE OPTIONS

The Company has an employees' share option scheme (the "Scheme") under which the directors of the Company may, at their discretion, invite full-time employees of the Company or any of its subsidiaries, including executive directors, to take up options to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted under the Scheme, when aggregated with the shares in respect of any options granted under any other share option scheme of the Company, may not exceed 10% of the number of issued shares of the Company from time to time. The exercise price for the shares in respect of which options are granted will be the higher of the nominal value of the share or 85% of the average of the closing prices of the shares of the Company on The Stock Exchange of Hong Kong Limited for the five consecutive trading days immediately preceding the date on which the option is offered by the Company. No option may be exercised earlier than six months nor later than ten years after it is granted.

Details of movement of share options of the Company granted under the Scheme during the year are as follows:

Exercisable period	Exercise price HK\$	Number of share options				Outstanding balance at 3.31.2001
		Outstanding balance at 4.1.2000	Granted during the year	Exercised during the year	Lapsed during the year	
Period ending March 13, 2005	0.186	472,500	-	472,500	-	-
Period ending December 29, 2008	0.509	14,244,000	-	3,212,250	1,096,000	9,935,750
Period ending January 21, 2009	0.492	5,250,000	-	-	5,250,000	-
Period ending October 23, 2009	0.713	1,750,000	-	-	-	1,750,000
Period ending January 12, 2011	0.525	-	300,000	-	-	300,000
		21,716,500	300,000	3,684,750	6,346,000	11,985,750

The Company received nominal consideration for options granted during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

27. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 HK\$'m	2000 HK\$'m
Profit before taxation	229.2	491.5
Interest income	(24.3)	(16.6)
Finance costs	4.3	4.0
Share of results of an associate	(8.5)	(9.3)
Amortisation of other assets	22.0	21.9
Depreciation and amortisation of property, plant and equipment	48.6	39.3
Pre-operating expenses written off	–	0.6
Development costs written off	6.7	0.3
Gain on disposal and deemed disposal of interests in subsidiaries	(2.6)	(201.5)
Gain on disposal and deemed disposal of interest in an associate	–	(9.6)
Loss on disposal of property, plant and equipment	17.6	2.9
Write down of leasehold land and buildings	4.3	–
Deficit arising on revaluation of investment properties	0.9	–
Increase in inventories	(19.7)	(176.2)
Decrease (increase) in trade and other receivables	82.9	(264.7)
Decrease in amount due from an associate	–	0.2
(Decrease) increase in trade and other payables	(149.5)	225.8
(Decrease) increase in amount due to an associate	(0.4)	0.5
Effect of foreign exchange rate changes in intercompany balances	21.4	13.4
Net cash inflow from operating activities	232.9	122.5

28. MAJOR NON-CASH TRANSACTIONS

- (a) During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value of HK\$0.2 million (2000: HK\$0.8 million) at the inception of the leases.
- (b) During the year, 83,442,859 and 6,195,426 new ordinary shares of HK\$0.10 each of the Company were issued, credited as fully paid, at the issue prices of HK\$0.756 and HK\$0.612 per share respectively to satisfy 2000 final dividend and 2001 interim dividend in scrip form.
- (c) In 2000, the Group had increased the investment in an associate by capitalisation of the current account balance of approximately HK\$9.7 million.

29. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and premium HK\$'m	Bank loans HK\$'m	Bills payable and import loans HK\$'m	Obligations under finance leases HK\$'m	Minority interests HK\$'m
At April 1, 1999	171.3	11.6	15.0	1.2	130.2
Capitalisation of revenue reserve for the bonus issue of shares	22.5	-	-	-	-
Issue of shares as a result of the exercise of share options	5.4	-	-	-	-
New finance raised	-	-	401.8	0.8	-
Repayment of loans	-	(5.0)	(369.8)	(1.0)	-
Capital contributed from minority shareholders of subsidiaries	-	-	-	-	157.3
Decrease due to the Group's share of capital contribution by minority shareholders	-	-	-	-	(65.4)
Minority's share of profit	-	-	-	-	80.9
Dividends to minority shareholders	-	-	-	-	(44.7)
Reduction in minority interests on acquisition of additional interest of a subsidiary	-	-	-	-	(7.6)
Share of currency translation reserve	-	-	-	-	(0.5)
At March 31, 2000	199.2	6.6	47.0	1.0	250.2
Issue of shares as a result of the exercise of share options	1.7	-	-	-	-
Issue of shares to satisfy dividends in scrip form	66.8	-	-	-	-
New finance raised	-	95.3	377.5	0.2	-
Repayment of loans	-	(101.9)	(388.1)	(0.8)	-
Capital contributed from minority shareholders of subsidiaries	-	-	-	-	11.3
Decrease due to the Group's share of capital contribution by minority shareholders	-	-	-	-	(2.7)
Minority's share of profit	-	-	-	-	68.8
Dividends to minority shareholders	-	-	-	-	(42.4)
Share of currency translation reserve	-	-	-	-	(2.6)
Currency realignment	-	-	-	(0.1)	-
At March 31, 2001	267.7	-	36.4	0.3	282.6

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

30. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2001 HK\$'m	2000 HK\$'m
Bank balances and cash	413.2	560.3
Bank overdrafts	(3.3)	–
	409.9	560.3

The bank balances and cash as at March 31, 2001 shown above exclude bank deposits of HK\$32.0 million which have a maturity period in excess of three months. The bank balances and cash as at March 31, 2000 excluded a bank deposit of HK\$1.6 million which was pledged to a bank to secure certain general banking facilities granted to the Group.

31. CONTINGENT LIABILITIES

	The Group	
	2001 HK\$'m	2000 HK\$'m
Bills discounted with recourse	3.9	2.3
Corporate guarantees given to certain financial institutions to secure credit facilities granted to an associate – extent of the Group's share of facilities utilised	–	0.1
	3.9	2.4

	The Company	
	2001 HK\$'m	2000 HK\$'m
Guarantees given to banks to secure general banking facilities granted to subsidiaries – extent of facilities utilised	25.8	30.3

32. CAPITAL COMMITMENTS

	The Group	
	2001 HK\$'m	2000 HK\$'m
Capital expenditure contracted for but not provided in the financial statements in respect of		
– acquisition of property, plant and equipment	12.1	14.8
– development costs	2.5	–
– investment in a subsidiary	3.3	–
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	16.6	96.4
	34.5	111.2

The Company did not have any significant capital commitments at the balance sheet date.

33. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had annual commitments payable in the following year under non-cancellable operating leases as follows:

	The Group	
	2001 HK\$'m	2000 HK\$'m
Land and buildings:		
Operating leases which expire:		
Within one year	3.6	6.1
In the second to fifth year inclusive	17.9	15.2
Over five years	11.2	3.4
	32.7	24.7
Others:		
Operating leases which expire:		
In the second to fifth year inclusive	0.2	0.2

The Company did not have any operating lease commitments at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2001

34. FORWARD CONTRACT COMMITMENTS

At the balance sheet date, the Group had the following outstanding forward contract commitments:

	The Group	
	2001	2000
Principal amounts of forward contracts held for hedging purposes against trading transactions and monetary assets and liabilities:		
Sales of Euro	EUR11,000,000	EUR32,000,000
Sales of Great Britain Pounds	GBP500,000	–
Purchases of United States Dollars	US\$10,825,500	US\$32,249,000

In addition, at March 31, 2001, the Group had outstanding options given to certain financial institutions which may require the Group to sell to the financial institutions the following foreign currencies:

	Amount	Strike price US\$	Exercisable period
Euro	EUR75,209,000	0.890 – 1.000	April 2001 to October 2001
Great Britain Pounds	GBP5,250,000	1.463 – 1.545	April 2001 to September 2001

The Company did not have any forward contract commitments at the balance sheet date.

35. RETIREMENT BENEFITS SCHEME

The Group operates defined contribution retirement schemes for all qualifying employees, including directors. The assets of the schemes are held separately from those of the Group in funds under the control of independent trustees.

The retirement scheme cost represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

In the light of the introduction of the Mandatory Provident Fund (“MPF”) Scheme in Hong Kong, the Group has restructured its retirement arrangements for its employees in Hong Kong to comply with the MPF legislation. The Group has set up a MPF Scheme on December 1, 2000 by participating in a master trust scheme provided by an independent MPF service provider. All qualifying employees are required to participate in the MPF Scheme. Mandatory benefits are being provided under the MPF Scheme.

36. PLEDGE OF ASSET

At March 31, 2000, a bank deposit of HK\$1.6 million was pledged to a bank to secure a standby letter of credit issued by the bank in favour of the landlord of an office premise occupied by the Group. The pledge was released during the year.

37. SEGMENTAL INFORMATION

The Group is principally engaged in the manufacture and sale of consumer electronic products and the turnover and profit from operations of the Group are principally attributable to such activities. An analysis of the Group's turnover and contribution to profit from operations by geographical location of operation and of market, is as follows:

	Turnover		Contribution to profit from operations	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
By geographical location of operation:				
Hong Kong and the PRC	2,066.3	1,931.6	262.7	294.8
Europe	631.3	529.5	(8.9)	(14.4)
United States of America	180.7	169.6	(29.7)	(4.6)
Other Far East countries	6.2	0.5	(1.7)	(0.7)
	2,884.5	2,631.2	222.4	275.1
By geographical location of market:				
Europe	887.2	796.3	116.1	109.6
United States of America	1,549.7	1,493.8	102.6	133.9
Asia Pacific	447.6	341.1	3.7	31.6
	2,884.5	2,631.2	222.4	275.1