

■ CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Three months ended 31st July,	
	2001 HK\$'000 (Unaudited)	2000 HK\$'000 (Unaudited)
Translation adjustments	100	22
Net gains not recognised in the consolidated income statement	100	22
Profit attributable to shareholders	5,747	14,588
Total recognised gains	5,847	14,610

Notes:

1. **Principal accounting policies**

The same principal accounting policies and methods of computation are followed in these quarterly financial statements for the three months ended 31st July, 2001 as compared with the most recent published annual financial statements for the year ended 30th April, 2001. These quarterly financial statements comply with Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

2. **Turnover and segmental information**

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, development, manufacture and sale of a wide range of coils, capacitors and other electronic components. The Group's products are generally used in the manufacture of various kinds of electronic and electrical products.

Analysis of turnover and profit (loss) from operations by product category is as follows:

	Turnover Three months ended 31st July,		Profit (loss) from operations Three months ended 31st July,	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Coils	65,106	81,714	11,225	18,723
Capacitors	4,754	5,843	1,286	(45)
Other electronic components	9,910	3,060	397	534
	79,770	90,617	12,908	19,212

Analysis of turnover by geographical location as determined on the basis of the location where merchandise is delivered is as follows:

	Three months ended 31st July,	
	2001 HK\$'000	2000 HK\$'000
Hong Kong	59,202	69,249
Mainland China	4,603	5,901
Taiwan	5,766	6,025
Europe	3,312	6,148
Singapore	4,741	3,294
Others	2,146	–
	<u>79,770</u>	<u>90,617</u>

No analysis of profit (loss) from operations by geographical location is presented as it is generally in line with the distribution of turnover as set out above.

### 3. Profit before taxation

Profit before taxation in the consolidated income statement is determined after charging or crediting the following items:

	Three months ended 31st July,	
	2001 HK\$'000	2000 HK\$'000
After charging –		
Depreciation of property, plant and equipment	10,599	7,506
Amortisation of intangible asset	267	–
Staff costs (including directors' emoluments)	23,561	23,879
Interest expense on		
– bank overdrafts and loans wholly repayable within five years	3,821	1,267
– factoring of trade receivables	662	1,014
– finance leases	2,286	1,519
After crediting –		
Interest income from bank deposits	438	665
	<u>438</u>	<u>665</u>

### 4. Taxation

Taxation comprises:

	Three months ended 31st July,	
	2001 HK\$'000	2000 HK\$'000
Current taxation –		
Hong Kong profits tax		
– current year	586	1,300
Mainland China enterprise income tax		
– current year	179	108
	<u>765</u>	<u>1,408</u>

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit arising in or derived from Hong Kong during the period. Mainland China enterprise income tax has been provided at the applicable rate relating to the profit of a subsidiary of the Company established in Zhongshan, Mainland China.

**5. Earnings per share**

The calculation of basic earnings per share for the three months ended 31st July, 2001 is based on the profit attributable to shareholders of approximately HK\$5,747,000 (2000: HK\$14,588,000) and on the weighted average number of 528,027,108 (2000: 500,000,000) shares in issue during the period.

The calculation of diluted earnings per share for the three months ended 31st July, 2001 is based on the profit attributable to shareholders of approximately HK\$5,747,000 (2000: HK\$14,588,000) and on the weighted average number of 542,557,393 (2000: 517,546,817) shares, adjusted to reflect the effect of all dilutive potential shares in issue during the period.

The comparative weighted average number of shares in issue, basic earnings per share and diluted earnings per share for the three months ended 31st July, 2000 have been adjusted to reflect the bonus issue of shares on the basis of three bonus shares for every two shares held by shareholders on 17th August, 2000.

A reconciliation of the weighted average number of shares used in the calculation of basic earnings per share for the three months ended 31st July, 2001 to that used in the calculation of diluted earnings per share is as follows:

	Three months ended 31st July,	
	2001	2000
Weighted average number of shares used in the calculation of basic earnings per share	528,027,108	500,000,000
Weighted average number of shares assumed to have been issued at no consideration on the deemed exercise of all warrants outstanding during the period	14,530,285	17,546,817
Weighted average number of shares used in the calculation of diluted earnings per share	542,557,393	517,546,817

The outstanding share options during the three months ended 31st July, 2001 were anti-dilutive.

**6. Property, plant and equipment**

During the three months ended 31st July, 2001, the additions of property, plant and equipment were approximately HK\$29,089,000 (three months ended 31st July, 2000: HK\$23,733,000).

**7. Trade receivables**

The aging analysis of trade receivables as at 31st July, 2001 is as follows:

	As at 31st July, 2001	As at 30th April, 2001
	HK\$'000	HK\$'000
Current	20,507	20,707
Overdue by 0 – 1 month	7,455	6,559
Overdue by 1 – 2 months	3,302	4,250
Overdue by 2 – 3 months	4,126	1,010
Overdue by more than 3 months	5,012	2,869
	40,402	35,395
Less: Provision for bad and doubtful debts	(4,810)	(4,615)
	35,592	30,780

Management of the Group performs ongoing credit and collectibility evaluations of each customer. Provisions for potential credit losses are maintained and such losses in aggregate have not exceeded management's estimates. The Group offers an average credit period ranging from one month to three months to its trade customers who have good payment records and well-established relationships with the Group.

**8. Trade payables**

The aging analysis of trade payables as at 31st July, 2001 is as follows:

	As at 31st July, 2001 HK\$'000	As at 30th April, 2001 HK\$'000
Current	20,145	12,212
Overdue by 0 – 1 month	3,643	4,432
Overdue by 1 – 2 months	1,813	1,665
Overdue by 2 – 3 months	516	257
Overdue by more than 3 months	3,794	4,861
	<b>29,911</b>	<b>23,427</b>

**9. Share capital**

Movements in share capital are:

	Three months ended 31st July, 2001		Year ended 30th April, 2001	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
Authorised shares of HK\$0.10 each Beginning and end of period/year	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid shares of HK\$0.10 each				
Beginning of period/year	528,027,108	52,803	200,000,000	20,000
Bonus issue	–	–	300,000,000	30,000
Issue of shares pursuant to scrip dividend scheme	–	–	4,277,108	428
Issue of shares upon exercise of warrants	–	–	23,750,000	2,375
End of period/year	<b>528,027,108</b>	<b>52,803</b>	<b>528,027,108</b>	<b>52,803</b>

**10. Share options**

Under the share option scheme adopted by the Company on 26th October, 1999, the Directors may grant options to any full-time employees or executives of the Company or any of its subsidiaries, including executive directors (but excluding independent non-executive directors of the Company) of the Company or any of its subsidiaries, to subscribe for shares in the Company.

Movements in share options during the three months ended 31st July, 2001 are as follows:

Date of grant	Subscription price per share	Beginning of period	Number of shares under options			End of period
			Granted during the period	Exercised during the period	Lapsed during the period	
21st September, 2000	HK\$1.22*	11,795,864	–	–	–	11,795,864
1st November, 2000	HK\$0.90**	35,400,000	–	–	(1,550,000)	33,850,000
		<b>47,195,864</b>	<b>–</b>	<b>–</b>	<b>(1,550,000)</b>	<b>45,645,864</b>

\* Such share options are exercisable from 22nd September, 2002 to 21st January, 2005, both dates inclusive.

\*\* Such share options are exercisable from 1st November, 2002 to 28th February, 2005, both dates inclusive.

**11. Warrants**

As at 31st July, 2001, the outstanding warrants carry the subscription rights of HK\$1.475 for every 10 units of warrants entitling the holders thereof to subscribe in cash for new shares in the Company up to the aggregate amount of HK\$44,987,500 at a subscription price of HK\$0.59 per new share (subject to adjustment).

**12. Reserves**

Movements of reserves are:

	Three months ended 31st July, 2001					Year ended 30th April, 2001	
	Share premium HK\$'000	Capital reserve HK\$'000	Subscription right reserve HK\$'000	Property revaluation reserve HK\$'000	Cumulative translation adjustments HK\$'000	Total HK\$'000	Total HK\$'000
Beginning of period/year	24,490	13,934	17,454	17,476	(234)	73,120	61,790
Proceeds from issue of warrants	-	-	-	-	-	-	25,000
Warrant issuance expenses	-	-	-	-	-	-	(2,109)
Bonus issue	-	-	-	-	-	-	(30,000)
Premium arising from issue of shares pursuant to scrip dividend scheme	-	-	-	-	-	-	7,177
Proceeds from exercise of warrants	-	-	-	-	-	-	11,637
Share issuance expenses	-	-	-	-	-	-	(178)
Translation adjustments	-	-	-	-	100	100	(197)
End of period/year	24,490	13,934	17,454	17,476	(134)	73,220	73,120

**13. Contingent liabilities**

Contingent liabilities not provided for in the financial statements are:

	As at 31st July, 2001 HK\$'000	As at 30th April, 2001 HK\$'000
Discounted bills with recourse	325	1,402
Factoring of trade receivables with recourse	30,947	30,415
	31,272	31,817

**14. Comparative figures**

Certain comparative figures have been reclassified to conform to the current period's presentation.

**■ DIVIDEND**

The Directors resolved not to declare any interim dividend in respect of the three months ended 31st July, 2001 (2000: Nil).