

Notes:

1. Principal accounting policies

The same principal accounting policies and methods of computation are followed in these interim financial statements as compared with the most recent published annual financial statements for the year ended 31st March 2001. These interim financial statements have been prepared in accordance with Statement of Standard Accounting practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

2. Principle activities

The Company acts as an investment holding company. The principle activities of the Group are the manufacture and sale of consumer electronic products and snap off blade cutters.

3. Segmental information

An analysis of the Group's turnover and profit/(loss) from operations by business and geographical segments for the period ended 30th September 2001 are as follows:

	Turnover Six months ended 30th September 2001 HK\$'000	Profit from operations Six months ended 30th September 2001 HK\$'000	Turnover Six months ended 30th September 2000 HK\$'000	Loss from operations Six months ended 30th September 2000 HK\$'000
Business segments				
Sales of goods	45,866	4,455	17,209	(6,041)
Sub-contracting service income	2,130	206	-	-
	<u>47,996</u>	<u>4,661</u>	<u>17,209</u>	<u>(6,041)</u>
Geographical segments (by location of customers)				
North America	13,114	1,274	7,966	(3,212)
Hong Kong	5,482	532	5,841	(1,452)
Europe	19,060	1,851	3,051	(1,180)
Northeast Asia	5,381	523	-	-
Others	4,959	481	351	(197)
	<u>47,996</u>	<u>4,661</u>	<u>17,209</u>	<u>(6,041)</u>

4. Turnover

Turnover represents amount received and receivable for goods sold, less returns and discounts, supplied by the Group to outside customers during the period.

5. Earnings/(Loss) per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders of HK\$2,706,382 (2000: HK\$6,873,146 loss) and on the weighted average number of 4,462,987,020 shares (2000: 3,007,057,705) in issue during the period.

6. Trade and other receivables

	The Group	
	As at 30th September	As at 31st March
	2001	2001
	<i>HK\$</i>	<i>HK\$</i>
Trade receivables	16,093,577	4,368,204
Other receivables	886,493	873,063
	<u>16,980,070</u>	<u>5,241,267</u>

The Group allows an average credit period of 60 days. The following is an aged analysis of trade receivables at the balance sheet date:

Age	The Group	
	As at 30th September	As at 31st March
	2001	2001
	<i>HK\$</i>	<i>HK\$</i>
0 – 60 days	14,419,898	3,568,259
61 – 90 days	684,263	149,780
Over 90 days	989,416	650,165
	<u>16,093,577</u>	<u>4,368,204</u>

7. Trade and other payables

	The Group	
	As at 30th September	As at 31st March
	2001	2001
	<i>HK\$</i>	<i>HK\$</i>
Trade payables	10,751,323	7,671,834
Other payables	12,988,421	13,413,794
	<u>23,739,744</u>	<u>21,085,628</u>

The following is an aged analysis of trade payables at the balance sheet date:

Age	The Group	
	As at 30th September	As at 31st March
	2001	2001
	<i>HK\$</i>	<i>HK\$</i>
0 – 60 days	8,382,531	5,199,916
61 – 90 days	995,598	266,733
Over 90 days	1,373,194	2,205,185
	<u>10,751,323</u>	<u>7,671,834</u>

8. Share capital

	Number of shares	Amount HK\$
Authorised:		
At 30th September 2001, ordinary shares of HK\$0.01 each	<u>30,000,000,000</u>	<u>300,000,000</u>
Issued and fully paid:		
At 1st April 2001, ordinary shares of HK\$0.01 each	4,236,057,705	42,360,577
– exercise of share options	8,400,000	84,000
– issue of shares on placement	<u>300,000,000</u>	<u>3,000,000</u>
At 30th September 2001, ordinary shares of HK\$0.01 each	<u>4,544,457,705</u>	<u>45,444,577</u>

9. Reserves

	Share premium HK\$	Other property revaluation reserve HK\$	Goodwill HK\$	Translation reserve HK\$	Special reserve HK\$	Accumulated profits HK\$	Total HK\$
THE GROUP							
As at 1st April 2001	19,420,331	17,209,865	(22,648,000)	51,728	(11,152,801)	18,498,614	21,379,737
Premium arising from issue of shares, net of expenses of HK\$718,700	5,124,100	–	–	–	–	–	5,124,100
Surplus arising from revaluation	–	825,000	–	–	–	–	825,000
Net profit for the six months ended 30th September 2001	–	–	–	–	–	2,706,382	2,706,382
As at 30th September 2001	<u>24,544,431</u>	<u>18,034,865</u>	<u>(22,648,000)</u>	<u>51,728</u>	<u>(11,152,801)</u>	<u>21,204,996</u>	<u>30,035,219</u>

10. Reconciliation of profit/(loss) before taxation to net cash outflow from operating activities

	Six months ended 30th September 2001 HK\$	Six months ended 30th September 2000 HK\$
Profit/(Loss) before taxation	3,310,265	(6,873,146)
Interest income	(1,975)	(171,030)
Interest expenses	1,319,972	1,563,373
Share of loss/(profit) of an associated company	33,198	(560,000)
Depreciation and amortisation	1,941,003	1,297,339
Profit on disposal of property, plant and equipment	(606,822)	–
Decrease in amount due to an associate	1,952,974	466,863
Write back of provision for associates	(925,018)	–
Increase in inventories	(2,466,235)	(3,683,080)
Write back of provision for slow-moving inventories	(2,557,646)	–
Increase in trade and other receivables	(11,420,269)	(3,361,130)
Write back of provision for bad and doubtful debts	(318,534)	–
Increase in trade and other payables	2,654,116	3,145,182
Decrease in trade and other payables to a related company	–	(848,954)
Decrease in amount due from a related company	2,989,000	–
Decrease in amount due to a related company	<u>(5,338,268)</u>	<u>–</u>
Net cash outflow from operating activities	<u>(9,434,239)</u>	<u>(9,024,583)</u>