

Notes:

## 1. Principal accounting policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants. The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended March 31, 2001 except as described below. Certain comparative figures in the condensed consolidated income statement for the last corresponding period have also been re-classified to conform to the presentation of this interim reporting period.

In this interim reporting period, the Group has adopted, for the first time, a number of new and revised SSAPs, which are effective for accounting periods commencing on or after January 1, 2001:

SSAP 9 (Revised)	Events after the balance sheet date
SSAP 26	Segment reporting
SSAP 29	Intangible assets
SSAP 30	Business combinations
SSAP 31	Impairment of assets

The changes to the Group's accounting policies and the effect of adopting these new policies are set out below:

(a) SSAP 9 (Revised): Events after the balance sheet date

In accordance with SSAP 9 (Revised), the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy. The effect of this change is to increase the Group's net assets at March 31, 2000 and 2001 of approximately HK\$98.6 million and HK\$51.6 million respectively.

(b) SSAP 26: Segment reporting

In this interim reporting period, the Group has disclosed segment revenue and results as defined under SSAP 26. The Group has determined that business segments will be presented as the primary reporting format and geographical location of market as the secondary reporting format. Comparative information has been given.

(c) SSAP 29: Intangible assets

In accordance with SSAP 29, development costs and patents and trademarks of HK\$32.5 million and HK\$0.1 million respectively at March 31, 2001 have been re-classified from other assets to intangible assets to conform to the new policy.



**1. Principal accounting policies (continued)**

- (d) SSAP 30: Business combinations and SSAP 31: Impairment of assets

In this interim reporting period, the Group has adopted SSAP 30 and has elected not to restate goodwill or negative goodwill previously written off or credited directly to reserves. However, impairment losses in respect of goodwill that arose between the date of acquisition of the relevant subsidiary and the date of adoption of SSAP 30 have been recognised retrospectively (see Note 11). Goodwill arising on acquisitions prior to April 1, 2001 continues to be held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate. Negative goodwill arising on acquisitions prior to April 1, 2001 will be credited to income statement at the time of disposal of the relevant subsidiary or associate.

Goodwill arising on acquisitions after April 1, 2001 is capitalised and amortised over its estimated useful life. Negative goodwill arising on acquisitions after April 1, 2001 is presented as a deduction from assets and will be released to income statement based on an analysis of the circumstances from which the balance resulted.

**2. Segmental information**

An analysis of the Group's turnover and profit from operations by each principal business activity is as follows:

	<b>Turnover</b>		<b>Profit from operations</b>	
	<b>Six months ended September 30</b>			
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>HK\$'m</b>	<b>HK\$'m</b>	<b>HK\$'m</b>	<b>HK\$'m</b>
Manufacture and trading of:				
LCD consumer electronic products	<b>421.4</b>	475.8	<b>57.7</b>	92.6
Telecommunication products	<b>324.7</b>	538.7	<b>5.3</b>	35.0
Electronic personal information products	<b>117.6</b>	376.7	<b>13.2</b>	38.0
Electronic learning products	<b>201.0</b>	193.6	<b>20.1</b>	21.0
Other products	<b>15.1</b>	22.4	<b>1.0</b>	1.7
	<b><u>1,079.8</u></b>	<u>1,607.2</u>	<b><u>97.3</u></b>	<u>188.3</u>
Unallocated corporate expense			<b><u>(7.5)</u></b>	<u>(15.6)</u>
Profit from operations			<b><u>89.8</u></b>	<u>172.7</u>



**2. Segmental information** (continued)

An analysis of the Group's turnover by geographical location of market is as follows:

	<b>Six months ended September 30</b>	
	<b>2001</b>	2000
	<b>HK\$'m</b>	HK\$'m
Europe	<b>403.8</b>	437.4
United States of America	<b>531.9</b>	961.8
Asia Pacific	<b>144.1</b>	208.0
	<b><u>1,079.8</u></b>	<u>1,607.2</u>

**3. Profit from operations**

	<b>Six months ended September 30</b>	
	<b>2001</b>	2000
	<b>HK\$'m</b>	HK\$'m
Profit from operations has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	<b>24.6</b>	21.6
Amortisation of intangible assets	<b>7.7</b>	13.8
Loss on disposal of property, plant and equipment	<b>4.2</b>	3.0
And after crediting:		
Interest income	<b><u>9.2</u></b>	<u>12.6</u>

**4. Taxation**

	<b>Six months ended September 30</b>	
	<b>2001</b>	2000
	<b>HK\$'m</b>	HK\$'m
Current tax:		
Hong Kong Profits Tax	<b>(12.9)</b>	(21.7)
Other jurisdictions	<b>(3.8)</b>	(1.1)
Deferred tax	<b><u>(0.1)</u></b>	<u>(0.8)</u>
	<b>(16.8)</b>	(23.6)
Share of taxation attributable to an associate	<b><u>(0.1)</u></b>	<u>(0.4)</u>
	<b><u>(16.9)</u></b>	<u>(24.0)</u>



**5. Dividends**

	<b>Six months ended September 30</b>	
	<b>2001 HK\$'m</b>	2000 HK\$'m
2001 final dividend of 2.5 HK cents per share in cash (2000: 5.0 HK cents per share in cash with scrip option)	<b>51.7</b>	98.7
2002 interim dividend of 1.0 HK cent per share in cash (2001: 2.0 HK cents per share in cash with scrip option)	<b>20.7</b>	41.2
	<b><u>72.4</u></b>	<u>139.9</u>

**6. Earnings per share**

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

	<b>Six months ended September 30</b>	
	<b>2001 HK\$'m</b>	2000 HK\$'m
Net profit for the period for the purpose of basic earnings per share	<b>51.0</b>	109.7
Effect of dilutive potential ordinary shares: Adjustment to the share of result of a subsidiary based on dilution of its earnings per share	<b>(0.1)</b>	(1.2)
Net profit for the purpose of diluted earnings per share	<b><u>50.9</u></b>	<u>108.5</u>
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>2,069,107,225</b>	2,054,856,652
Effect of dilutive potential ordinary shares:		
Options	<b><u>1,275,387</u></b>	<u>6,960,781</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b><u>2,070,382,612</u></b>	<u>2,061,817,433</u>



**7. Additions to property, plant and equipment**

During the period, the Group spent approximately HK\$26.3 million (2000: HK\$66.3 million) on additions to plant and equipment to upgrade its manufacturing capabilities.

**8. 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.

	<b>At September 30 2001 HK\$'m</b>	At March 31 2001 HK\$'m
The following is an aged analysis of trade receivables at the balance sheet date:		
Not yet due	<b>328.0</b>	236.7
Overdue 30 days	<b>60.9</b>	38.3
Overdue 31 to 90 days	<b>5.0</b>	13.8
Overdue more than 90 days	<b>11.6</b>	3.1
	<b>405.5</b>	291.9
Other receivables	<b>76.7</b>	87.4
	<b>482.2</b>	379.3



**9. Trade and other payables**

	<b>At September 30 2001 HK\$'m</b>	At March 31 2001 HK\$'m
The following is an aged analysis of trade payables at the balance sheet date:		
Not yet due	<b>170.1</b>	111.1
Overdue 30 days	<b>77.9</b>	56.4
Overdue 31 to 90 days	<b>6.0</b>	3.8
Overdue more than 90 days	<b>–</b>	0.8
	<hr/> <b>254.0</b>	<hr/> 172.1
Other payables	<b>152.4</b>	122.4
	<hr/> <b>406.4</b>	<hr/> 294.5

**10. Share capital**

	<b>Number of shares</b>	<b>Amount HK\$'m</b>
At April 1, 2001	2,065,932,907	206.6
Issue of shares on the exercise of share options	4,355,500	0.4
	<hr/> <b>2,070,288,407</b>	<hr/> <b>207.0</b>



**11. Reserves**

	<b>Asset revaluation reserve</b>	<b>Currency translation reserve</b>	<b>Capital reserve</b>	<b>Share premium</b>	<b>Revenue reserve</b>	<b>Total</b>
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At April 1, 2000 as previously reported	43.8	(5.3)	(7.5)	1.9	673.2	706.1
Effect of adopting SSAP 9 (Revised)	-	-	-	-	98.6	98.6
Impairment of goodwill recognised upon the adoption of SSAP 31	-	-	11.2	-	(11.2)	-
At April 1, 2000 as restated	43.8	(5.3)	3.7	1.9	760.6	804.7
2000 final dividend paid	-	-	-	-	(98.7)	(98.7)
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
2001 interim dividend paid	-	-	-	-	(41.2)	(41.2)
At March 31, 2001 as restated	<u>38.3</u>	<u>(7.4)</u>	<u>3.7</u>	<u>61.1</u>	<u>753.7</u>	<u>849.4</u>

**11. Reserves (continued)**

	<b>Asset revaluation reserve</b>	<b>Currency translation reserve</b>	<b>Capital reserve</b>	<b>Share premium</b>	<b>Revenue reserve</b>	<b>Total</b>
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At March 31, 2001 as previously reported	38.3	(7.4)	(7.5)	61.1	713.3	797.8
Effect of adopting SSAP 9 (Revised)	-	-	-	-	51.6	51.6
Impairment of goodwill recognised upon the adoption of SSAP 31	-	-	11.2	-	(11.2)	-
At March 31, 2001 as restated	38.3	(7.4)	3.7	61.1	753.7	849.4
2001 final dividend paid	-	-	-	-	(51.7)	(51.7)
Currency realignment	-	4.8	-	-	-	4.8
Premium on issue of shares as a result of the exercise of share options	-	-	-	1.8	-	1.8
Transfer to revenue reserve upon disposal of leasehold land and buildings	(4.2)	-	-	-	4.2	-
Net profit for the period	-	-	-	-	51.0	51.0
<b>At September 30, 2001</b>	<b>34.1</b>	<b>(2.6)</b>	<b>3.7</b>	<b>62.9</b>	<b>757.2</b>	<b>855.3</b>