

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

### 1. ACCOUNTING POLICIES

The interim report has been prepared in accordance with the Statement of Standard Accounting Practice No. 25 “Interim financial reporting” (“SSAP 25”) issued by the Hong Kong Society of Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies adopted are consistent with those followed in the Group’s annual financial statements for the year ended 31 March 2001, except as described below.

The Group has adopted a number of new and revised Statements of Standard Accounting Practice (“SSAP”)s issued by the Hong Kong Society of Accountants for the first time in the current period. The adoption of these new or revised SSAPs does not have any effect on the current or previous periods financial statements except for the adoption of the following new and revised SSAPs.

In adoption SSAP 9 (Revised) “Events after the balance sheet date” (“SSAP 9 (Revised)”) which specifies that dividends declared after the balance sheet date but before the financial report was authorized for issue should be disclosed as a separate component of equity. In prior periods, dividends declared after the balance sheet date but before the financial report was authorized for issue were recognized as liabilities in the balance sheet. The adoption of SSAP 9 (Revised) has been applied retrospectively and resulted in the increase in dividend reserve at 31 March 2001 by HK\$27,876,920.

In adopting SSAP 30 “Business combinations” (“SSAP 30”), the Group has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions prior to 1 April, 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1 April 2001 will be credited to income statement at the time of disposal of relevant subsidiary. Goodwill arising on acquisition after 1 April 2001 is capitalized and amortised on a straight line basis following an assessment of its foreseeable life. Current estimate of goodwill’s useful life does not exceed twenty years. Negative goodwill arising on acquisition after 1 April 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

## 2. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group's turnover and profit (loss) before taxation by principal activity is as follows:

### Principal activity

	Turnover		Profit (loss) before taxation	
	1.4.2001 to 30.9.2001 HK\$	1.4.2000 to 30.9.2000 HK\$	1.4.2001 to 30.9.2001 HK\$	1.4.2000 to 30.9.2000 HK\$
Voltage converters and intermediate frequency transformers and coils	<b>190,576,556</b>	359,717,680	<b>7,567,073</b>	59,617,197
Rechargeable battery products and mobile phone accessories	<b>12,058,826</b>	18,870,961	<b>(5,046,377)</b>	(2,296,251)
	<b><u>202,635,382</u></b>	<b><u>378,588,641</u></b>	<b><u>2,520,696</u></b>	<b><u>57,320,946</u></b>
Share of results of associates			<b>(1,160,959)</b>	(478,842)
Interest expenses			<b>(36,697)</b>	(19,697)
			<b><u>1,323,040</u></b>	<b><u>56,822,407</u></b>

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

Geographical market	Turnover	
	1.4.2001 to 30.9.2001 HK\$	1.4.2000 to 30.9.2000 HK\$
Asia (excluding Hong Kong)	<b>76,420,634</b>	27,069,471
United States of America, South America and Canada	<b>46,548,902</b>	53,041,936
Hong Kong	<b>42,838,933</b>	41,662,743
Sweden	<b>20,678,364</b>	145,449,549
Other European Countries	<b>9,542,391</b>	47,398,726
France	<b>5,252,195</b>	63,865,872
Australia	<b>1,353,963</b>	100,344
	<b><u>202,635,382</u></b>	<u>378,588,641</u>

Contribution to profit by geographical market has not been presented as the contribution to profit from each market is substantially in line with the overall Group ratio of profit to turnover.

### 3. DEPRECIATION AND LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the period, depreciation on property, plant and equipment and loss on disposal of property, plant and equipment of approximately HK\$9,917,000 and HK\$689,000 (HK\$8,264,000 and nil for the six months ended 30 September 2000) respectively was charged to the consolidated income statements.

**4. TAXATION**

	<b>1.4.2001</b>	1.4.2000
	<b>to</b>	to
	<b>30.9.2001</b>	30.9.2000
	<b>HK\$</b>	<b>HK\$</b>
The charge comprises:		
Hong Kong Profits Tax attributable to the Company and its subsidiaries	<b>692,454</b>	5,170,226
Share of taxation of an associate	–	20,934
	<u><b>692,454</b></u>	<u>5,191,160</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for both periods.

In the opinion of the directors of the Company, a substantial portion of the Group's profit neither arises in, nor is derived from, Hong Kong and, accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax. Furthermore, the subsidiaries of the Company that are operating in the People's Republic of China ("PRC") are currently not subject to income tax of the PRC as these companies either operate under assembly and processing arrangements in the PRC or are exempted from income tax for the first two profitable years of operations and, thereafter, are entitled to 50% relief from income tax for the next three years under the tax laws of the PRC.

**5. DIVIDENDS/DISTRIBUTION**

	<b>1.4.2001</b>	1.4.2000
	<b>to</b>	to
	<b>30.9.2001</b>	30.9.2000
	<b>HK\$</b>	<b>HK\$</b>
Special dividend/distribution, paid – nil (10 cents per share for the six months ended 30 September 2000)	–	55,805,840
Special dividend, declared – nil (5 cents per share for the six months ended 30 September 2000)	–	27,902,920
Interim dividend – 8 cents (5 cents per share for the six months ended 30 September 2000)	<b>44,603,072</b>	27,902,920
	<u><b>44,603,072</b></u>	<u>111,611,680</u>

**6. EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share for the periods ended 30 September 2001 and 2000 is computed based on the following data:

	<b>1.4.2001</b>	1.4.2000
	<b>to</b>	to
	<b>30.9.2001</b>	30.9.2000
	<b>HK\$</b>	HK\$
Earnings:		
Net profit for the period and earnings for the purposes of basic and diluted earnings per share	<b>570,933</b>	51,537,607
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	<b>557,538,400</b>	558,058,400
Effect of dilutive potential shares:		
Share options	<b>53,656</b>	
Weighted average number of shares for the purpose of dilutive earnings per share	<b>557,592,056</b>	

No diluted earnings per share had been presented for the previous period as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's shares for that period.

**7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group spent approximately HK\$5,762,000 (HK\$10,883,000 for the six months ended 30 September 2000) to acquire property, plant and equipment to expand its existing manufacturing capacity.

**8. DEBTORS AND PREPAYMENTS**

At 30 September 2001, the balance of debtors and prepayments included trade debtors of HK\$70,016,330 (HK\$ 99,368,103 at 31 March 2001). The aging analysis of trade debtors at the reporting date is as follows:

	<b>30.9.2001</b>	31.3.2001
	<i>HK\$</i>	<i>HK\$</i>
0 – 60 days	<b>49,305,242</b>	62,941,180
61 – 90 days	<b>18,454,351</b>	9,820,668
> 90 days	<b>2,256,737</b>	26,606,255
	<u><b>70,016,330</b></u>	<u>99,368,103</u>

The Group allows an average credit period ranged from 60 to 90 days to its trade customers.

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**9. CREDITORS AND ACCRUED CHARGES**

At 30 September 2001, the balance of creditors and accrued charges included trade creditors of HK\$40,652,518 (HK\$41,981,809 at 31 March 2001). The aging analysis of trade creditors at the reporting date is as follows:

	<b>30.9.2001</b>	31.3.2001
	<i>HK\$</i>	<i>HK\$</i>
0 – 60 days	<b>27,031,380</b>	35,146,135
61 – 90 days	<b>12,077,179</b>	6,084,221
> 90 days	<b>1,543,959</b>	751,453
	<u><b>40,652,518</b></u>	<u>41,981,809</u>

## 10. SHARE CAPITAL

30.9.2001 &  
31.3.2001  
HK\$

Authorised:

1,000,000,000 shares of HK\$0.1 each 100,000,000

	Number of shares	Amount HK\$
Issued and fully paid:		
Shares of HK\$0.1 each:		
Balance at 1 April 2000	<b>558,058,400</b>	55,805,840
Repurchase of shares	<b>(520,000)</b>	(52,000)
Balance at 31 March 2001 and 30 September 2001	<b>557,538,400</b>	55,753,840

## 11. RESERVES

	Share premium HK\$	Dividend reserve HK\$	Capital redemption reserve HK\$	Capital reserve HK\$	Translation reserve HK\$	Accumulated (losses) profits HK\$	Total HK\$
THE GROUP							
At 1 April 2000	382,680,024	-	1,342,200	21,647,131	27,445	(119,176,188)	286,520,612
Transfer upon capital reduction	(368,900,000)	-	-	-	-	368,900,000	-
Premium paid on repurchase of shares	(208,000)	-	-	-	-	-	(208,000)
Transfer upon repurchase of shares	-	-	52,000	-	-	(52,000)	-
Net profit for the year	-	-	-	-	-	88,345,715	88,345,715
Dividends/distribution declared	-	139,488,600	-	-	-	(139,488,600)	-
Dividends/distribution paid	-	(111,611,680)	-	-	-	-	(111,611,680)
At 31 March 2001 and 1 April 2001	13,572,024	27,876,920	1,394,200	21,647,131	27,445	198,528,927	263,046,647
Net profit for the period	-	-	-	-	-	570,933	570,933
Dividend paid	-	(27,876,920)	-	-	-	-	(27,876,920)
Interim dividend declared	-	44,603,072	-	-	-	(44,603,072)	-
At 30 September 2001	13,572,024	44,603,072	1,394,200	21,647,131	27,445	154,496,788	235,740,660

**12. RELATED PARTY TRANSACTIONS**

- (a) During the period, the Group had the following transactions with a 50% associate of the Group.

		<b>1.4.2001</b>	1.4.2000
		<b>to</b>	to
	NOTES	<b>30.9.2001</b>	30.9.2000
		<b>HK\$</b>	<b>HK\$</b>
Sales of raw materials	(i)	<b>3,718,389</b>	1,307,558
Administration fee received	(ii)	<b>270,000</b>	–
Purchases of goods	(i)	–	164,596
Rental income received	(iii)	–	57,570
		<u>                    </u>	<u>                    </u>

Notes:

- (i) The above transactions of sales of raw materials and purchases of goods were carried out at market prices.
- (ii) The administration fee received from an associate represented an appropriate allocation of expenses incurred for the provision of managerial and administrative support to this associate and the reimbursement of expenses incurred by the Group which were paid on behalf of this associate.
- (iii) The rental income received from an associate represented the reimbursement of rental paid by the Group on behalf of this associate.
- (b) The Group rented certain properties in an industrial estate in Songgang county and paid rent amounting to approximately HK\$1,110,378 (HK\$867,000 for the six months ended 30 September 2000) during the period to 深圳市寶安區松崗鎮恒兆工業發展公區 Shenzhen City Baoan District Songgang County Heng Zhao Industrial Development Company (“Heng Zhao”). Heng Zhao has entered into an agreement with All Good Investments Limited (“All Good”), a company in which Messrs. Ho Che Kong and Leung Wai Chuen, the directors of the Company have an interest of 24.5% and 12.2% respectively, for development of this industrial estate in Songgang county, the PRC. Pursuant to this agreement, All Goods is entitled to 54% of the profit derived from this industrial estate.

**13. CONTINGENT LIABILITIES**

	<b>30.9.2001</b>	31.3.2001
	<b>HK\$</b>	<b>HK\$</b>
Bills discounted with recourse	<b>248,468</b>	47,214
	<u>                    </u>	<u>                    </u>