

**SEGMENTAL INFORMATION**

The Group's turnover and contribution to profit from operation, analyzed by principal activity and geographical location, are as follows:

	<b>Turnover</b>		<b>Operating profit</b>	
	<b>30/9/2001</b>	<b>30/9/2000</b>	<b>30/9/2001</b>	<b>30/9/2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>By activity:</b>				
Sales of industrial laminate	<b>71,314</b>	123,296	<b>299</b>	16,598
Sales of printed circuit board	<b>43,925</b>	37,766	<b>4,569</b>	1,770
Sales of copper foil	<b>5,735</b>	5,017	<b>1,170</b>	1,397
	<b><u>120,974</u></b>	<b><u>166,079</u></b>	<b><u>6,038</u></b>	<b><u>19,765</u></b>
<b>By geographical location:</b>				
The People's Republic of China ("PRC")				
Hong Kong	<b>96,892</b>	125,752	<b>4,145</b>	15,678
Elsewhere	<b>5,938</b>	16,398	<b>25</b>	2,207
Overseas	<b>18,144</b>	23,929	<b>1,868</b>	1,880
	<b><u>120,974</u></b>	<b><u>166,079</u></b>	<b><u>6,038</u></b>	<b><u>19,765</u></b>

**NOTES****(1) Basis of preparation**

These unaudited condensed consolidated interim accounts ("interim accounts") are prepared in accordance with the Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").



The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31 March 2001, except that the Group has adopted the following revised or new SSAPs issued by the Hong Kong Society of Accountants:

SSAP 9 (Revised)	Events after the balance sheet date
SSAP 14 (Revised)	Leases
SSAP 28	Provisions, contingent liabilities and contingent assets
SSAP 29	Intangible assets
SSAP 30	Business combinations
SSAP 31	Impairment of assets
SSAP 32	Consolidated financial statements and accounting for investments in subsidiaries

With the exception of the revised SSAP 9, the adoption of the above standards did not have any material effect on the financial statements of the current and prior periods.

In accordance with the revised SSAP 9, dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date but are disclosed as a separate component of capital and reserves in the condensed balance sheet. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment.

The condensed consolidated balance sheet at 31 March 2001 has been restated for the purposes of these interim accounts, resulting in reclassification of proposed final dividend of HK\$3,718,000 under the current liabilities to the proposed dividend reserve under the capital and reserves.

(2) Profit before tax

Profit before tax is arrived at after charging:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2001</b>	<b>2000</b>
	<i><b>HK\$'000</b></i>	<i><b>HK\$'000</b></i>
	<i><b>(Unaudited)</b></i>	<i><b>(Unaudited)</b></i>
Interest on borrowings	<b>4,270</b>	5,747
Depreciation	<b>8,702</b>	8,205
Staff salaries and wages	<b>14,545</b>	12,612



## (3) Tax

	<b>Six months ended 30 September</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Provision for the period:</b>		
<b>PRC:</b>		
Hong Kong	-	-
Elsewhere	-	72
<b>Overseas</b>	<b>290</b>	<b>648</b>
<b>Tax charge for the period</b>	<b>290</b>	<b>720</b>

No provision for Hong Kong profits tax has been made as the Group has unutilised tax losses brought forward from prior years to offset the assessable profits for the period.

Taxes on profits assessable elsewhere in the PRC and Thailand have been calculated at the rates of tax prevailing in the regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for deferred tax has been provided as the effect of the net timing difference would not result in a deferred tax liability.

## (4) Earnings per share

*(a) Basic earnings per share*

The calculation of basic earnings per share for the period ended 30 September 2001 is based on the net profit from ordinary activities attributable to shareholders for the said period of HK\$1,478,000 (2000: HK\$13,298,000) and the weighted average of 371,817,740 (2000: 373,959,291) ordinary shares in issue during the period.

*(b) Diluted earnings per share*

The calculation of diluted earnings per share for the period ended 30 September 2001 is based on the net profit from ordinary activities attributable to shareholders for the said period of HK\$1,478,000 (2000: HK\$13,298,000). The weighted average number of shares used in the calculation is the sum of 371,817,740 (2000: 373,959,291) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of



245,916 (2000: 1,508,865) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the period.

(5) Trade debtors

The ageing analysis of trade debtors is shown below:

	<b>30 September</b>	<b>31 March</b>
	<b>2001</b>	<b>2001</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 – 3 months	<b>41,735</b>	25,630
4 – 6 months	<b>11,606</b>	11,176
Over 6 months	<b>4,353</b>	2,239
	<b><u>57,694</u></b>	<b><u>39,045</u></b>

The credit terms given to the customers vary and are generally around three months, and are granted based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically by management.

(6) Trade creditors

The ageing analysis of trade creditors is shown below:

	<b>30 September</b>	<b>31 March</b>
	<b>2001</b>	<b>2001</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 – 3 months	<b>21,936</b>	25,316
4 – 6 months	<b>4,340</b>	6,989
Over 6 months	<b>1,609</b>	1,436
	<b><u>27,885</u></b>	<b><u>33,741</u></b>

(7) Interim dividend

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2001 (2000: 1 HK cent per share).



## (8) Share Capital

	<b>30 September 2001 HK\$'000 (Unaudited)</b>	<b>31 March 2001 HK\$'000 (Audited)</b>
<b>Authorised:</b>		
500,000,000 ordinary shares of HK\$0.10 each	<u><b>50,000</b></u>	<u>50,000</u>
<b>Issued and fully paid:</b>		
371,850,800 (31 March 2001: 371,800,800) ordinary shares of HK\$0.10 each	<u><b>37,185</b></u>	<u>37,180</u>

A summary of the movements in issued capital of the Company is as follows:

	<b>Carrying amount HK\$'000</b>	<b>Shares issued</b>
At beginning of period	37,180	371,800,800
Exercise of share options	<u>5</u>	<u>50,000</u>
	<u><b>37,185</b></u>	<u><b>371,850,800</b></u>

## (9) Reserves

	Retained profits HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Exchange equalisation reserve HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Proposed dividend reserve HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Balance at 1 April 2001 as previously reported	95,092	120,336	2,031	(31,405)	330	-	186,384
Prior period adjustment (Note 1)	-	-	-	-	-	3,718	3,718
Balance at 1 April 2001 as restated	95,092	120,336	2,031	(31,405)	330	3,718	190,102
Retained profits for the period	1,478	-	-	-	-	-	1,478
Dividend declared and approved	-	-	-	-	-	(3,718)	(3,718)
Premium on shares issued	-	3	-	-	-	-	3
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	1,121	-	-	1,121
Balance at 30 September 2001	<u>96,570</u>	<u>120,339</u>	<u>2,031</u>	<u>(30,284)</u>	<u>330</u>	<u>-</u>	<u>188,986</u>



The contributed surplus of the Group represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation on 12 January 1994, over the nominal value of the Company's shares issued therefor.

(10) Contingent liabilities

	<b>30 September 2001 HK\$'000 (Unaudited)</b>	<b>31 March 2001 HK\$'000 (Audited)</b>
Debts factored with recourse	<b>38,256</b>	31,977
Bills discounted with recourse	<b>689</b>	-
	<b><u>38,945</u></b>	<b><u>31,977</u></b>

At 30 September 2001, 13 (31 March 2001: 14) employees had completed the required number of years of service under the Employment Ordinance (the "Ordinance") to be eligible for long service payments upon termination of their employment. The Group is only liable to make such payments where the termination meets the required circumstances specified in the Ordinance.

If the termination of employment of all these employees met the circumstances required by the Ordinance, the Group's liability for long service payments at 30 September 2001 would be HK\$1,106,000 (31 March 2001: HK\$1,124,000). No provision has been made for this amount in the interim accounts as, in the opinion of the directors of the Company, it is unlikely that such a liability will crystallize.

(11) Commitments

At the balance sheet date, the Group had the following commitments in respect of capital expenditure, which was contracted, but not provided for in the financial statements:

	<b>30 September 2001 HK\$'000 (Unaudited)</b>	<b>31 March 2001 HK\$'000 (Audited)</b>
Capital contribution to a PRC subsidiary	<b>50,000</b>	50,000
Construction of factory	<b>8,382</b>	17,136
	<b><u>58,382</u></b>	<b><u>67,136</u></b>



## (12) Related party transaction

During the six months ended 30 September 2001, the Group paid interest of HK\$172,000 (2000:HK\$438,000) for a loan from a director of the Company.

During the six months ended 30 September 2001, certain banking facilities of the Group were secured by properties owned by a director of the Company. The director received no consideration in providing this collateral.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND PROSPECTS**

The Group's unaudited consolidated turnover was HK\$120,974,000 for the six months ended 30 September 2001, a decrease of 27% from the corresponding period of last year. The net profit from ordinary activities attributable to shareholders for the six months ended 30 September 2001 amounted to HK\$1,478,000, a drop of 89% from that of last year. Gross profit margin stated at 19% and the basic earnings per share recorded at 0.398 HK cent for the six months ended 30 September 2001.

#### **Industrial Laminate**

For the six months ended 30 September 2001, the sales of industrial laminate recorded a decrease of 42% from the corresponding period of last year. This was mainly attributable to the sharp decrease in product pricing, and the low demand of industrial laminate for producing telecommunication and computer related products as a result of the downturn of the global economy. In order to maintain competitiveness of the products, the Group continued to control the production and raw material costs and strengthen its credit risk management. As a result, the operating results of the industrial laminate division can be maintained at a profitable level.

Despite that the current economic situation is not stable, the management considered there are still enormous commercial opportunities in the PRC after its entry into the World Trade Organisation. The construction of the Suzhou plant is currently well in progress and expected to be completed by early 2002. By that time, the Group is able to serve the demand of industrial laminate in the North-eastern China, as well as further expand the overseas markets.