

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30 September	
	2001	2000
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(40,567)	(9,994)
Net cash outflow from returns on investments and servicing of finance	(3,814)	(3,852)
Taxes paid	-	(93)
Net cash outflow from investing activities	(27,709)	(45,719)
Net cash outflow before financing activities	(72,090)	(59,658)
Net cash inflow from financing activities	80,476	171
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,386	(59,487)
Cash and cash equivalents at beginning of period	(523)	11,483
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,863	(48,004)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	14,832	20,428
Bank overdrafts, secured	(6,969)	(9,234)
Trust receipt loans with original maturity of less than three months from date of advance	-	(59,198)
	7,863	(48,004)

Notes:

1. Basis of presentation and accounting policies

These interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2001 except that the Group has changed its accounting policy for goodwill.

SSAP 30 "Business Combinations" and Interpretation No. 13 "Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves" were adopted for the first time during the period. As allowed by SSAP 30 and Interpretation No. 13, the Group has elected not to restate goodwill previously eliminated against reserves. Accordingly, goodwill arising on acquisition of subsidiaries, associates or businesses prior to 1 January 2001 is held in reserves and will be charged to the profit and loss account at the time of disposal of the relevant subsidiaries, associates or businesses, or at such time as the goodwill is determined to be impaired. Goodwill arising on acquisition on or after 1 January 2001 is capitalised and amortised over its estimated useful lives of not more than 20 years.

2. Turnover and profit/(loss) from operating activities

An analysis of the Group's turnover and contribution to profit/(loss) from operating activities by principal activity and geographical area is as follows:

By principal activity

	Turnover		Profit/(loss) from operating activities	
	Six months ended		Six months ended	
	30 September		30 September	
	2001	2000	2001	2000
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Manufacture and sale of:				
Calculators with basic functions	27,557	74,343	(8,538)	11,901
Calculators with special functions	32,561	38,862	(14,578)	7,048
Euro converters	47,912	34,707	(8,645)	8,285
Other products	3,188	31,559	(953)	4,316
	111,218	179,471	(32,714)	31,550

By geographical area

	Turnover		Profit/(loss) from operating activities	
	Six months ended 30 September		Six months ended 30 September	
	2001 (unaudited) HK\$'000	2000 (unaudited) HK\$'000	2001 (unaudited) HK\$'000	2000 (unaudited) HK\$'000
People's Republic of China:				
Hong Kong	3,464	9,631	(1,285)	1,650
Elsewhere	20,606	1,479	(8,731)	240
Europe	56,724	61,676	(11,835)	12,647
Latin America	7,943	67,087	(2,725)	10,735
Middle East	8,128	17,775	(2,909)	2,721
North America	9,185	14,370	(3,031)	2,515
Others	5,168	7,453	(2,198)	1,042
	111,218	179,471	(32,714)	31,550

3. Profit/(loss) from operating activities

Profit/(loss) from operating activities is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2001	2000
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Depreciation:		
Owned fixed assets	16,410	13,712
Leased fixed assets	971	696
Provision for inventories	7,505	-
Provision for doubtful debts	5,135	-
Amortisation of goodwill	238	-
Staff costs:		
Salaries and wages	8,215	8,942
Provident fund contributions	68	6
	<hr/> 8,283 <hr/>	<hr/> 8,948 <hr/>
Interest income	(505)	(569)
	<hr/> (505) <hr/>	<hr/> (569) <hr/>

4. Tax

No provision for profits tax has been made for the Group because it had no assessable profits during the current period. In the prior period, Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits generated in Hong Kong.

5. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the net loss attributable to shareholders for the period of HK\$38,869,000 (Six months ended 30 September 2000: net profit of HK\$25,647,000) and the weighted average of 750,319,918 (2000: 410,714,481) ordinary shares in issue during the period.

There were no dilutive potential ordinary shares as at 30 September 2001 and 30 September 2000, and accordingly, the diluted earnings/(loss) per share was not applicable.

6. Accounts receivable

An analysis of the ageing of the Group's accounts receivable is as follows:

	As at	
	30 September	31 March
	2001	2001
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Current to 90 days	19,957	29,777
91 to 180 days	9,123	27,069
181 to 365 days	9,083	2,512
Over 365 days	2,462	—
	<hr/> 40,625 <hr/>	<hr/> 59,358 <hr/>

The credit terms granted to customers, which depend mainly on financial strengths and repayment history of individual customers, do not normally exceed 120 days.

7. Accounts and bills payable

An analysis of the ageing of the Group's accounts and bills payable is as follows:

	As at	
	30 September	31 March
	2001	2001
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Current to 90 days	21,036	15,745
91 to 180 days	12,006	7,893
181 to 365 days	556	2,531
Over 365 days	346	—
	<hr/> 33,944 <hr/>	<hr/> 26,169 <hr/>

8. Share capital

	30 September 2001 (unaudited) HK\$'000	As at 31 March 2001 (audited) HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each	200,000	200,000
Issued and fully paid:		
913,770,000 (31 March 2001: 578,250,000) ordinary shares of HK\$0.10 each	91,377	57,825

Movements during the period

	Number of issued shares (unaudited) '000	Amount (unaudited) HK\$'000
At beginning of period	578,250	57,825
Issue of shares pursuant to the exercise of share options granted to certain employees under the Company's share option scheme (<i>note 1</i>)	69,225	6,922
Issue of shares upon placements (<i>note 2</i>)	266,295	26,630
As at 30 September 2001	913,770	91,377

Notes:

- (1) On 28 May 2001, the Company granted a total of 69,225,000 share options to certain employees of the Group under the Company's share option scheme for a nominal consideration of HK\$1 per grantee. Each share option entitled the holders thereof to subscribe for one ordinary share of the Company at a price of HK\$0.222. All of these share options have been exercised during the period.
- (2) On 22 May 2001, Great Wonder Investments Limited ("Great Wonder"), a company incorporated in the British Virgin Islands and beneficially owned by Mr. Tong Yu Lun, a director of the Company, through an independent placing agent, placed 114,000,000 ordinary shares of the Company owned by Great Wonder at a price of HK\$0.27 per share. Pursuant to a top-up subscription agreement of the same date, Great Wonder subscribed for 114,000,000 new ordinary shares of the Company at a price of HK\$0.2697 per share.

Pursuant to a further placing agreement dated 12 July 2001, Great Wonder, through an independent placing agent, placed 112,295,000 ordinary shares of the Company owned by Great Wonder at a price of HK\$0.20 per share. Pursuant to a top-up subscription agreement of the same date, Great Wonder subscribed for 152,295,000 new ordinary shares of the Company at a price of HK\$0.20 per share.

Through the above share placements, the Company issued a total of 266,295,000 new ordinary shares during the period. The net proceeds of approximately HK\$60 million arising from the above share placements were used to settle the Group's bank borrowings and to finance the Group's working capital.

Movements subsequent to the period end

On 8 October 2001, Great Wonder, through an independent placing agent, placed 162,000,000 ordinary shares of the Company owned by Great Wonder at a price of HK\$0.10 per share. Pursuant to a top-up subscription agreement of the same date, Great Wonder subscribed for 180,000,000 new ordinary shares of the Company at a price of HK\$0.10 per share.

The net proceeds of approximately HK\$17 million arising from this share placement were used to settle the Group's bank borrowings and to finance the Group's working capital.

9. Reserves

	Share	Statutory	Enterprise	Exchange	Goodwill	Capital	Retained	Total
	premium	reserve	development	fluctuation	reserve	reserve	profits	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning								
of period	73,525	599	600	(99)	(28,550)	340	110,683	157,098
Issue of shares	43,021	-	-	-	-	-	-	43,021
Share issue								
expenses	(1,099)	-	-	-	-	-	-	(1,099)
Net loss								
for the period	-	-	-	-	-	-	(38,869)	(38,869)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30								
September 2001	115,447	599	600	(99)	(28,550)	340	71,814	160,151
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10. Pledge of assets

As at 30 September 2001, the Group's bank borrowings were secured by the following:

- (i) pledge of the Group's time deposits of approximately HK\$9.3 million (31 March 2001: HK\$9.1 million);
- (ii) legal charges on the Group's leasehold land and buildings situated in Hong Kong with an aggregate net book value of approximately HK\$15.5 million (31 March 2001: HK\$15.6 million);
- (iii) legal charges on certain properties owned by 2 (31 March 2001: 4) related parties; and
- (iv) unlimited continuing guarantees executed jointly and severally by Mr. Tong Yiu Lun and Ms. Wu Pik Ying, directors of the Company.

11. Contingent liabilities

As at 30 September 2001, the Group had bills discounted with recourse of approximately HK\$18 million (31 March 2001: HK\$8 million).