

NOTES TO THE ACCOUNTS

I. Principal accounting policies and basis of presentation

These unaudited consolidated interim accounts ("interim accounts") 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, and Appendix 16 of the Listing Rules.

These condensed interim accounts should be read in conjunction with the 2001 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31st March 2001 except that the group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (SSAP's) issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2001:

SSAP 9 (revised):	Events after the balance sheet date
SSAP 14 (revised):	Leases (effective for periods commencing on or after 1 July 2000)
SSAP 26:	Segment reporting
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

The above changes in accounting policy have no effect on the interim accounts.

Apart from the foregoing, the accounting policies are consistent with those described in the annual accounts for the year ended 31st March 2001.

2. Turnover

The Group is principally engaged in the manufacturing and selling of customer electronic products and printed circuit boards, and trading of semiconductors.

An analysis of the Group's turnover and contributions to operating profit/(loss) for the six months ended 30th September 2001 by principal activities and markets is as follows:

	Turnover		Operating Profit/(Loss)	
	6 months ended		6 months ended	
	30th September		30th September	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Principal activities:				
Manufacturing and sale of consumer electronic product	56,584	69,839	(156)	2,291
Manufacturing and sale of printed circuit boards	182,702	172,910	15,020	15,849
Trading of semiconductors	(286)	13,975	(856)	(3,032)
	<u>239,000</u>	<u>256,724</u>	<u>14,008</u>	<u>15,108</u>
Principal markets:				
Hong Kong	38,965	89,813	1,263	3,225
America	91,313	77,539	4,200	4,443
South East Asia	36,552	29,937	2,921	2,724
Europe	72,170	59,435	5,624	4,716
	<u>239,000</u>	<u>256,724</u>	<u>14,008</u>	<u>15,108</u>

3. Operating profit

**For the six months
ended 30th September**

2001	2000
HK\$	HK\$

Operating profit is stated after crediting and charging the following:

Crediting

Gains on disposal of fixed assets	<u> -</u>	<u> 86,000</u>
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Charging

Depreciation		
Owned fixed assets	5,950,248	9,326,743
Fixed assets held under finance leases	<u>8,735,119</u>	<u>2,942,542</u>

4. Taxation

The amount of taxation charged to the consolidated profit and loss account represents:

**For the six months
ended 30th September**

2001	2000
HK\$	HK\$

Hong Kong profits tax	13,048	9,316
Deferred taxation	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,013,048</u>	<u>1,009,316</u>

Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profit for the period.

5. Dividend

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30th September 2001 (2000: Nil).

6. Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$8,313,809 (2000: HK\$11,222,255) and the weighted average number of 531,865,600 (2000: 508,259,043) ordinary shares in issue during the period.

Diluted earnings per share is not shown as the potential ordinary shares arising from the share option scheme are antidilutive.

7. Trade receivables

Trade receivables are stated net of provision for bad and doubtful debts. The ageing analysis of trade debtors as at 30th September 2001 was as follows:

	30th September	31st March
	2001	2001
	HK\$'000	HK\$'000
0-3 months	93,813	123,953
4-6 months	6,276	15,724
over 6 months	14,925	3,446
	<u>115,014</u>	<u>143,123</u>

The Group has a defined credit policy which is reviewed periodically. The general credit term is 60-120 days.

8. Trade payables

The ageing analysis of trade creditors as at 30th September 2001 was as follow:

	30th September	31st March
	2001	2001
	HK\$'000	HK\$'000
Accounts payable in the next:		
0-3 months	55,739	65,612
4-6 months	6,800	34,786
over 6 months	575	–
	63,114	100,398

9. Long term liabilities

	30th September	31st March
	2001	2001
	HK\$	HK\$
Promissory note to a financial institution	180,598	384,123
Obligations under finance leases	62,678,803	42,841,301
	62,859,401	43,225,424
Current portion of long-term liabilities	(30,411,980)	(20,362,999)
	32,447,421	22,862,425

At 30th September 2001, the Group's bank loans were repayable as follows:

	30th September 2001 HK\$	31st March 2001 HK\$
Within one year	<u>30,411,980</u>	<u>20,362,999</u>
After one year		
In the second year	<u>21,376,785</u>	18,032,635
In the third to fifth year, inclusive	<u>11,070,636</u>	<u>4,829,790</u>
	<u>32,447,421</u>	<u>22,862,425</u>
	<u>62,859,401</u>	<u>43,225,424</u>

10. Share capital

	<i>No. of shares</i>	<i>HK\$</i>
<i>Authorised:</i>		
700,000,000 ordinary shares of HK\$0.10 each	<u>700,000,000</u>	<u>70,000,000</u>
<i>Issued and fully paid:</i>		
At 31st March 2001 and 30th September 2001	<u>531,865,600</u>	<u>53,186,560</u>

11. Reserves

	HK\$
At 1st April 2000	153,881,291
Premium on issue of shares	4,000,000
Share issue expenses	(300,000)
Profit for the year	<u>10,285,938</u>
At 31st March 2001	167,867,229
Profit for the period	<u>8,313,809</u>
At 30th September 2001	<u><u>176,181,038</u></u>

12. Contingent liabilities

	30th September 2001 HK\$	31st March 2001 HK\$
Guarantees for bank loans and overdrafts of subsidiaries	<u><u>85,350,072</u></u>	<u><u>79,351,853</u></u>

13. Commitments

Capital commitments for purchase of land and building, plant and machinery and construction of production plant

	30th September	31st March
	2001	2001
	HK\$	HK\$
Contracted but not provided for	4,167,765	24,245,630
Authorised but not contracted for	5,592,000	–
	<u>9,759,765</u>	<u>24,245,630</u>

On behalf of the Board

Yip Sum Yin

Chairman

Hong Kong, 21st December 2001