Notes to the condensed financial statements

For the six months ended 30th September, 2001

1. Basis of preparation

The condensed financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 Interim Financial Reporting and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. Accounting Policies

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of certain investments in securities.

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

In the current period, the Group has adopted, for the first time, a number of new and revised SSAPs issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following new and revised accounting policies.

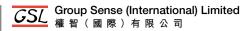
Segment reporting

In the current period, the Group has changed the basis of identifying reportable segments to that required by SSAP No. 26 Segment Reporting. Segment disclosures for the six months ended 30th September, 2000 have been amended so that they are presented on a consistent basis.

Goodwill

In the current period, the Group has adopted SSAP No. 30 Business Combinations and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. However, impairment losses in respect of goodwill that arose between the dates of acquisition of the relevant subsidiaries and associates and the dates of adoption of SSAP No. 30 have been recognised retrospectively, resulting in prior period adjustments which reduce the retained profits as at 1st April, 2001 by HK\$8,370,000 (note 12). Goodwill arising on acquisitions prior to 1st April, 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate, or at such time as further impairment losses are identified. Negative goodwill arising on acquisitions prior to 1st April, 2001 will be credited to income at the time of disposal of the relevant subsidiary or associate.

Goodwill arising on acquisitions after 1st April, 2001 is capitalised and amortised over its estimated useful life i.e. over periods ranging between 5 and 20 years. Negative goodwill arising on acquisitions after 1st 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.



3. Segment Information

Business segments

Dusiness segments	Turnover Six months ended 30th September 2001 2000 HK\$'000 HK\$'000 (Unaudited) (Unaudited)		Six mon	nt results ths ended ptember 2000 HK\$'000 (Unaudited)
Continuing operations	(enacanoa)	loungaineal	(enacanoa)	louggued
Manufacture and sale of: – electronic dictionaries – ODM electronic products – personal digital assistants	211,896 123,539 61,601	299,063 213,735 145,416	23,197 2,167 (10,296)	(10,620) (8,373) 2,613
Discontinuing operations				
Manufacture and sale of: – pager products – rechargeable battery products	60,457	270,481 13,079	(17,911) -	(29,540) (569)
	457,493	941,774	(2,843)	(46,489)
Interest expenses Share of results of associates Net gain on disposal of a subsidiary			(5,311) (2,807) 5,200	(6,537) (1,598) –
Impairment loss recognised in respect of investments in securities			(2,425)	
Loss before taxation			(8,186)	(54,624)
Geographical segments	_			

(Unaudited) (Unaudited)	Geographical segments	Six mor	00 HK\$'000 HK\$'000 HK\$'000		ths ended ptember 2000
The People's Republic of China (the "PRC"), other than Hong Kong 108,281 213,512 7,958 (6,469) Other Asian Markets 174,524 258,800 2,490 731 North America 46,590 34,445 (481) (1,191) Europe 4,339 30,991 2,527 5,321 Middle East 12,911 18,696 (154) 1,197 Others 2,221 6,834 706 337 Discontinuing operations 4,872 26,387 (10,135) (23,653) PRC, other than Hong Kong 29,899 204,371 (10,135) (23,653) Other Asian markets 4,872 26,387 (1,443) (2,881) North America 4,312 11,559 - 70 Europe 3,496 2,221 (4,923) (2,311) Others 15,710 19,125 (767) -	Continuing operations	(Unavailea)	(Undudiled)	(ondoalied)	(Unavailed)
other than Hong Kong 108,281 213,512 7,958 (6,469) Other Asian Markets 174,524 258,800 2,490 731 North America 46,590 34,445 (481) (1,191) Europe 4,339 30,991 2,527 5,321 Middle East 12,911 18,696 (154) 1,197 Other S 2,221 6,834 706 337 Discontinuing operations 4,872 26,887 (1,443) (23,653) PRC, other than Hong Kong 29,899 204,371 (10,135) (23,653) Other Asian markets 4,312 11,559 - 70 Europe 3,496 2,221 (4,923) (24,311) (2,831) Other Asian markets 4,312 11,559 - 70 - Urope 3,496 2,221 (4,923) (24,648) - Others 13,5710 19,125 (767) - - Others 15,710	The Peoples' Republic of	48,170	94,937	2,022	(16,875)
Hong Kong PRC, other than Hong Kong Other Asian markets 2,168 (29,899) 19,896 (204,371) (10,135) (1,143) (745) (23,653) North America Europe 4,872 (3,496) 26,387 (2,221) (1,433) (2,881) Others 15,710 19,125 (4,923) (2,331) Interest expenses Share of results of associates Net gain on disposal of a subsidiary Impairment loss recognised in respect of investments in securities (5,311) (2,2425) (6,537) (2,2425)	other than Hong Kong Other Asian Markets North America Europe Middle East	174,524 46,590 4,339 12,911	258,800 34,445 30,991 18,696	2,490 (481) 2,527 (154)	(1,191) 5,321 1,197
PRC, other than Hong Kong Other Asian markets 29,899 4,872 204,371 26,387 (10,135) (1,443) (23,653) (2,881) North America Europe 4,312 11,559 - 70 Others 15,710 19,125 (4,923) (2,31) Others 15,710 19,125 (767) - 457,493 941,774 (2,843) (46,489) Interest expenses Share of results of associates Net gain on disposal of a subsidiary Impairment loss recognised in respect of investments in securities (5,311) (6,537) (2,425)	Discontinuing operations				
457,493 941,774 (2,843) (46,489) Interest expenses (5,311) (6,537) (1,598) Share of results of associates (2,807) (1,598) (1,598) Net gain on disposal of a subsidiary 5,200 - - Impairment loss recognised in respect of investments in securities (2,425) -	PRC, other than Hong Kong Other Asian markets North America Europe	29,899 4,872 4,312 3,496	204,371 26,387 11,559 2,221	(10,135) (1,443) (4,923)	(23,653) (2,881) 70
Interest expenses (5,311) (6,537) Share of results of associates (2,807) (1,598) Net gain on disposal of a subsidiary 5,200 - Impairment loss recognised in respect of investments in securities (2,425) -	Others		· · · ·	/	
Share of results of associates (2,807) (1,598) Net gain on disposal of a subsidiary 5,200 - Impairment loss recognised in respect of investments in securities (2,425) -		457,493	941,//4	(2,843)	(46,489)
of investments in securities (2,425)	Share of results of associates Net gain on disposal of a subsidiary			(2,807)	(6,537) (1,598) –
Loss before taxation (8,186) (54,624)	of investments in securities			(2,425)	-
	Loss before taxation			(8,186)	(54,624)

4. Operating Loss

		nths ended eptember
	2001	2000
	HK\$'000	HK\$'000
•	naudited)	(Unaudited)
Operating loss has been arrived at after charging: Depreciation and amortisation	28,303	17,751
and after crediting:		
Interest income	1,044	1,291

5. Taxation

No provision for Hong Kong Profits Tax has been made since the assessable profit of the Group for the period arising in Hong Kong is wholly absorbed by tax losses brought forward.

In 2000, no provision for Hong Kong Profits Tax has been made as the Group incurred a loss for that period.

The Group's subsidiaries and associates in the PRC are Sino-foreign joint venture enterprises and they are eligible for certain tax holidays and concessions.

6. Dividend

The Directors do (did) not recommend the payment of an interim dividend for the current (prior) period.

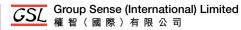
7. Loss Per Share

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

	Six months ended 30th September		
	2001 HK\$′000 (Unaudited)	2000 HK\$'000 (Unaudited)	
Loss for the purposes of basic and diluted loss per share			
Loss for the period	5,754	54,624	
Number of shares Weighted average number of ordinary shares for the purpose of basic	′000	'000 [.]	
loss per share	1,186,301	1,178,994	

No diluted loss per share has been presented as the exercise of the share options would result in a reduction in the loss per share for both periods.

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8. Property, Plant and Equipment

During the six months ended 30th September, 2001, the Group spent approximately HK\$16,862,000 (2000: HK\$23,805,000) on leasehold improvements, furniture, fixtures and equipment, plant and machinery and toolings and moulds.

9. Trade Receivables

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

The following is an aged analysis of trade receivables at the reporting date:

	30.9.2001 HK\$′000 (Unaudited)	31.3.2001 HK\$'000 (Audited)
0-60 days 61-90days Over 90 days	144,500 4,027 35,773	117,402 29,364 38,857
	184,300	185,623

10. Trade Payables

The following is an aged analysis of trade payables at the reporting date:

	30.9.2001 HK\$′000 (Unaudited)	31.3.2001 HK\$'000 (Audited)
0-60 days 61-90 days Over 90 days	126,464 3,601 2,664	63,952 26,834 65,939
	132,729	156,725

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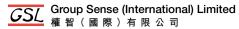
11. Share Capital

		Six months ended 30th September, 2001		
	Number of shares '000 (Unaudited)	Share capital HK\$'000 (Unaudited)		
Ordinary shares of HK\$0.10 each Issued and fully paid:				
At 1st April, 2001 and 30th September, 2001	1,186,301	118,630		

In the current period, the authorised share capital of the Company has been increased from HK\$150,000,000 to HK\$300,000,000 by the creation of 1,500,000,000 shares of HK\$0.1 each. Such shares rank pari passu in all respects with the existing shares in the capital of the Company.

12. Reserves

	Share premium account HK\$'000	Investment properties revoluation reserve HK\$'000	Leasehold properties revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Special reserve HK\$'000	Goodwill reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2000 (audited)			3,483	105		(152)			
Ar I'sr April, 2000 (adared) Premium arising on exercise of share actions	328,932 881	6,390	3,403	10	(60,819)	(132)	1,658	316,136	595,733 881
Premium arising from									
placement of shates	58,500	-	-	-	-	-	-	-	58,500
Premium arising from shares issued for acquisition									
of an investment	24,000	-	-	-	-	-	-	-	24,000
Eliminated on share repurchase	(2,092)	-	-	-	-	-	-	-	(2,092)
Share repurchase expenses Released upon disposal of	(9)	-	-	-	-	-	-	-	(9)
leasehold properties Arising from acquisition	-	(6,390)	(3,483)	-	-	-	-	3,483	(6,390)
of a subsidiary	-	-	-	-	-	(15,550)	-	-	(15,550)
Arising from acquisition						(0.010)			10 0101
of associates Exchange difference on translation	-	-	-	-	-	(8,218)	-	-	(8,218)
of overseas operations							(332)		(332)
Loss for the year							-	(270,139)	(270,139)
tota for the year								12/0/10/	12/0/10/
At 31st March, 2001 – as original stated (audited) – prior period adjustment in respect of retrospective	410,212	-	-	105	(60,819)	(23,920)	1,326	49,480	376,384
recognition of impairment of goodwill held in reserve attributable to subsidiaries (note 2)						152		(152)	
 prior period adjustment in respect of retrospective recognition of impairment of goodwill held in reserve 	-	-	-	-	-	132	-	[132]	-
attributable to associates (note 2)		-	-	-	-	8,218	-	(8,218)	
– as restated	410,212			105	(60,819)	(15,550)	1,326	41,110	376,384
Released upon disposal of a subsidiary Exchange difference on	-	-	-	-			15		15
translation of overseas operations Loss for the period							(29)	(5,754)	(29) (5,754)
								- 191 P	- in in it.
At 30th September, 2001 (unaudited)	410,212			105	(60,819)	(15,550)	1,312	35,356	370,616



13. Convertible Redeemable Preferred Shares Issued to Minority Shareholders of a Subsidiary

The amount represents 171,818 voting convertible redeemable series A preferred shares (the "Preferred Shares") issued to certain minority shareholders of a subsidiary in May 2001. The Preferred Shares shall automatically be converted into ordinary shares of the subsidiary upon either the earlier of the closing of a qualified public offering or at the option of the Preferred Shares holders. Should the cumulative conversion of the Preferred Shares converted at the option of the holders exceed two thirds of the total Preferred Shares then the remaining Preferred Shares shall be automatically converted into ordinary shares. The Preferred Shares shall be redeemable at the option of the holders at any time commencing five calendar years after the Preferred Shares were issued at a redemption price per share equal to the original price of the Preferred Shares plus a premium. In the opinion of the directors, given the current intentions to arrange a public offering of shares of the subsidiary, it is probable that the Group will not be required to pay the redemption premium of the Preferred Shares. Accordingly, no redemption premium has been provided for in the interim report.

14. Contingencies and Commitments

	30.9.2001 HK\$′000 (Unaudited)	31.3.2001 HK\$'000 (Audited)
Bills discounted with recourse	16,936	22,182
Commitments contracted for but not provided in the financial statements in respect of:		
Acquisition of property, plant and equipment Investment in unlisted securities		4,014 2,500
		6,514

15. Related Party Transactions

During the period, the Group disposed of its 60% shareholding of a subsidiary to the minority shareholder of that subsidiary for a total consideration of HK\$1 and assigned to the minority shareholder all the rights and benefits of a loan in the sum of HK\$12,643,000 advanced by the Group to the subsidiary for a total consideration of HK\$3,250,000. The disposal resulted in a net gain of HK\$5,200,000.

During the period, the group purchased goods from a related company and an associated company amounting to approximately HK\$5,670,000 (six months ended 30th September, 2000: HK\$5,590,000 and approximately HK\$2,613,000 (six months ended 30th September, 2000: HK\$9,860,000) respectively. Mr. Tam Wai Tong, Thomas, the director of the Group, has a beneficial interest in the related company.

16. Disposal of a Subsidiary

In August 2001, the Group disposed of Max Power Electronics Limited ("Max Power"), which carried out all the operations of manufacture and sale of rechargeable battery products.

The results of Max Power for the six months ended 30th September, 2000 were as follows:

	HK\$'000
Turnover	13,079
Operating costs	(13,648)
Loss for the period	(569)

For the six months ended 30th September, 2001, the results of Max Power were insignificant.

A net profit of approximately HK\$5.2 million arose on the disposal of Max Power (see note 15).

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