

Notes:

1. Principal accounting policies

The same principal accounting policies and methods of computation are followed in these interim financial statements for the three months and six months ended 31st October, 2001 as compared with the most recent published annual financial statements for the year ended 30th April, 2001. These interim financial statements comply with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

The Group has adopted a number of new and revised Statements of Standard Accounting Practice ("SSAPs") 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 prior period financial statements except in accordance with the revised SSAP 9 "Events after the balance sheet date", the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date.

2. Turnover and segmental information

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, development, manufacture and sale of a wide range of coils, capacitors, power supply devices and other electronic components. The Group's products are generally used in the manufacture of various kinds of electronic and electrical products.

Analysis of turnover and profit (loss) from operations by product category is as follows:

	Turnover			
	Three months		Six months	
	ended 31st October,		ended 31st October,	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Coils	83,090	88,901	148,196	170,615
Capacitors	11,230	5,715	15,984	11,558
Power supply devices	1,925	-	1,925	-
Other electronic components	8,238	2,442	18,148	5,502
	104,483	97,058	184,253	187,675

	Profit (loss) from operations			
	Three months		Six months	
	ended 31st October,		ended 31st October,	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Coils	10,474	18,839	21,699	37,562
Capacitors	1,111	(585)	2,397	(630)
Power supply devices	11	-	11	-
Other electronic components	(180)	(375)	217	159
	11,416	17,879	24,324	37,091

Analysis of turnover by geographical location as determined on the basis of the location where merchandise is delivered is as follows:

	Three months ended 31st October,		Six months ended 31st October,	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	70,981	79,267	130,183	148,516
Mainland China	5,646	5,710	10,249	11,611
Taiwan	13,209	1,954	18,975	7,979
Singapore	4,996	3,440	9,737	6,734
Europe	4,858	5,500	8,170	11,648
Others	4,793	1,187	6,939	1,187
	104,483	97,058	184,253	187,675

No analysis of profit (loss) from operations by geographical location is presented as it is generally in line with the distribution of turnover as set out above.

3. Profit before taxation

Profit before taxation in the consolidated income statement is determined after charging or crediting the following items:

	Three months ended 31st October,		Six months ended 31st October,	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
After charging –				
Depreciation of property, plant and equipment	11,966	7,714	22,565	15,220
Amortisation of intangible asset	266	–	533	–
Staff costs (including directors' emoluments)	25,269	24,213	48,830	48,092
Interest expense on				
– bank overdrafts and loans wholly repayable within five years	3,873	1,870	7,694	3,137
– factoring of trade receivables	688	1,059	1,350	2,073
– finance leases	1,593	1,663	3,879	3,182
After crediting –				
Interest income from bank deposits	321	630	759	1,295

4. Taxation

Taxation comprises:

	Three months ended 31st October,		Six months ended 31st October,	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current taxation –				
Hong Kong profits tax				
– current year	762	1,030	1,348	2,330
Mainland China enterprise income tax				
– current year	71	45	250	153
	833	1,075	1,598	2,483

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit arising in or derived from Hong Kong during the period. Mainland China enterprise income tax has been provided at the applicable rate relating to the profit of a subsidiary of the Company established in Zhongshan, Mainland China.

5. Dividends

The Directors resolved not to declare any interim dividend in respect of the six months ended 31st October, 2001 (2000: Nil).

6. Earnings per share

The calculation of basic earnings per share for the three months ended 31st October, 2001 is based on the profit attributable to shareholders of approximately HK\$4,730,000 (2000: HK\$12,923,000) and on the weighted average number of 640,861,292 (2000: 605,610,442) shares in issue during the period.

The calculation of basic earnings per share for the six months ended 31st October, 2001 is based on the profit attributable to shareholders of approximately HK\$10,477,000 (2000: HK\$27,511,000) and on the weighted average number of 637,246,911 (2000: 602,805,221) shares in issue during the period.

The calculation of diluted earnings per share for the three months ended 31st October, 2001 is based on the profit attributable to shareholders of approximately HK\$4,730,000 (2000: HK\$12,923,000) and on the weighted average number of 658,002,000 (2000: 674,167,458) shares, adjusted to reflect the effect of all dilutive potential shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 31st October, 2001 is based on the profit attributable to shareholders of approximately HK\$10,477,000 (2000: HK\$27,511,000) and on the weighted average number of 654,683,317 (2000: 647,623,853) shares, adjusted to reflect the effect of all dilutive potential shares in issue during the period.

The comparative weighted average number of shares in issue, basic earnings per share and diluted earnings per share for the three months and six months ended 31st October, 2000 have been adjusted to reflect the bonus issue of shares on the basis of one bonus share for every five shares held by shareholders on 14th September, 2001.

A reconciliation of the weighted average number of shares used in the calculation of basic earnings per share for the three months and six months ended 31st October, 2001 to that used in the calculation of diluted earnings per share is as follows:

	Three months ended 31st October,		Six months ended 31st October,	
	2001	2000	2001	2000
Weighted average number of shares used in the calculation of basic earnings per share	640,861,292	605,610,442	637,246,911	602,805,221
Weighted average number of shares assumed to have been issued at no consideration on the deemed exercise of all warrants outstanding during the period	17,140,708	68,557,016	17,436,406	44,818,632
Weighted average number of shares used in the calculation of diluted earnings per share	658,002,000	674,167,458	654,683,317	647,623,853

The outstanding share options during the three months and six months ended 31st October, 2001 and 2000 were anti-dilutive.

7. Property, plant and equipment

During the six months ended 31st October, 2001, the additions of property, plant and equipment were approximately HK\$55,445,000 (six months ended 31st October, 2000: HK\$86,211,000).

8. Trade receivables

The aging analysis of trade receivables as at 31st October, 2001 is as follows:

	As at 31st October, 2001 HK\$'000	As at 30th April, 2001 HK\$'000
Current	23,793	20,707
Overdue by 0 - 1 month	9,427	6,559
Overdue by 1 - 2 months	4,267	4,250
Overdue by 2 - 3 months	2,963	1,010
Overdue by more than 3 months	3,118	2,869
	43,568	35,395
Less: Provision for bad and doubtful debts	(2,518)	(4,615)
	41,050	30,780

Management of the Group performs ongoing credit and collectibility evaluations of each customer. Provisions for potential credit losses are maintained and such losses in aggregate have not exceeded management's estimates. The Group offers an average credit period ranging from one month to three months to its trade customers who have good payment records and well-established relationships with the Group.

9. Trade payables

The aging analysis of trade payables as at 31st October, 2001 is as follows:

	As at 31st October, 2001 HK\$'000	As at 30th April, 2001 HK\$'000
Current	21,116	12,212
Overdue by 0 - 1 month	9,265	4,432
Overdue by 1 - 2 months	2,503	1,665
Overdue by 2 - 3 months	477	257
Overdue by more than 3 months	3,117	4,861
	36,478	23,427
	36,478	23,427

10. Share capital

Movements in share capital are:

	Six months ended 31st October, 2001		Year ended 30th April, 2001	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
Authorised shares of HK\$0.10 each				
Beginning and end of period/year	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid shares of HK\$0.10 each				
Beginning of period/year	528,027,108	52,803	200,000,000	20,000
Bonus issue	105,815,421	10,581	300,000,000	30,000
Issue of shares pursuant to scrip dividend scheme	5,548,047	555	4,277,108	428
Issue of shares upon exercise of warrants	1,050,000	105	23,750,000	2,375
Issue of new shares	20,588,235	2,059	–	–
End of period/year	661,028,811	66,103	528,027,108	52,803

11. Share options

Under the share option scheme adopted by the Company on 26th October, 1999, the Directors may grant options to any full-time employees or executives of the Company or any of its subsidiaries, including executive directors (but excluding independent non-executive directors of the Company) of the Company or any of its subsidiaries, to subscribe for shares in the Company.

Movements in share options during the six months ended 31st October, 2001 are as follows:

Name of holders	Subscription price per share	Beginning of period	Number of shares under options			End of period
			Adjustment for bonus issue***	Exercised during the period	Lapsed during the period	
Directors						
Mr. Lam Wai Chun	HK\$ 1.02*	2,948,966	578,228	–	–	3,527,194
Mr. Saito Misao	HK\$ 1.02*	2,948,966	578,228	–	–	3,527,194
Ms. Tang Fung Kwan	HK\$ 1.02*	2,948,966	578,228	–	–	3,527,194
Ms. Hu Yan Huan	HK\$ 1.02*	2,948,966	578,228	–	–	3,527,194
Employees of the Group	HK\$ 0.75**	35,400,000	6,680,000	–	(2,780,000)	39,300,000
		47,195,864	8,992,912	–	(2,780,000)	53,408,776

- * Such share options were granted on 21st September, 2000. The options are exercisable subject to: (a) up to one quarter of the options are exercisable from 22nd September, 2002 to 21st September, 2003, both dates inclusive, with vesting period commencing from 21st September, 2000 to 21st September, 2002; (b) up to three-eighths of the options are exercisable from 22nd September, 2003 to 21st June, 2004, both dates inclusive, with vesting period commencing from 21st September, 2000 to 21st September, 2003; (c) up to three-eighths of the options are exercisable from 22nd June, 2004 to 21st January, 2005, both dates inclusive, with vesting period commencing from 21st September, 2000 to 21st June, 2004. Any options not exercised during each of the exercisable periods will lapse immediately after the relevant exercisable period. The subscription price was adjusted from HK\$1.22 per share to HK\$1.02 per share with effect from 15th September, 2001 for the bonus issue.
- ** Such share options were granted on 1st November, 2000. The options are exercisable subject to: (a) up to one quarter of the options are exercisable from 1st November, 2002 to 31st October, 2003, both dates inclusive, with vesting period commencing from 1st November, 2000 to 31st October, 2002; (b) up to three-eighths of the options are exercisable from 1st November, 2003 to 31st July, 2004, both dates inclusive, with vesting period commencing from 1st November, 2000 to 31st October, 2003; (c) up to three-eighths of the options are exercisable from 1st August, 2004 to 28th February, 2005, both dates inclusive, with vesting period commencing from 1st November, 2000 to 31st July, 2004. Any options not exercised during each of the exercisable periods will lapse immediately after the relevant exercisable period. The subscription price was adjusted from HK\$0.90 per share to HK\$0.75 per share with effect from 15th September, 2001 for the bonus issue.
- *** The adjustment for number of shares under options was made to reflect the bonus issue of shares on the basis of one bonus share for every five shares held by shareholders on 14th September, 2001. The value of options in respect of the adjustment was not presented as such information is not meaningful.

12. Warrants

As at 31st October, 2001, the outstanding warrants carry the subscription rights of HK\$1.475 for every 10 units of warrants entitling the holders thereof to subscribe in cash for new shares in the Company up to the aggregate amount of HK\$44,368,000 at a subscription price of HK\$0.49 per new share (subject to adjustment).

13. Reserves

Movements of reserves are:

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Subscription right reserve HK\$'000	Property revaluation reserve HK\$'000	Cumulative translation adjustments HK\$'000	Proposed final dividend HK\$'000	Retained profit HK\$'000	Total HK\$'000
Balance as at									
1st May, 2000	24,607	13,934	5,810	-	17,476	(37)	10,000	114,721	186,511
Proceeds from issue of warrants	-	-	-	25,000	-	-	-	-	25,000
Warrant issuance expenses	-	-	-	(2,109)	-	-	-	-	(2,109)
Bonus issue	(24,190)	-	(5,810)	-	-	-	-	-	(30,000)
Issue of shares pursuant to scrip dividend scheme	7,177	-	-	-	-	-	(7,605)	-	(428)
Proceeds from exercise of warrants	11,637	-	-	-	-	-	-	-	11,637
Premium arising from issuance of shares on exercise of warrants	5,437	-	-	(5,437)	-	-	-	-	-
Share issuance expenses	(178)	-	-	-	-	-	-	-	(178)
Profit attributable to shareholders	-	-	-	-	-	-	-	30,863	30,863
Dividends paid	-	-	-	-	-	-	(2,395)	-	(2,395)
Proposed final dividend	-	-	-	-	-	-	5,280	(5,280)	-
Translation adjustments	-	-	-	-	-	(197)	-	-	(197)
Balance as at									
30th April, 2001	24,490	13,934	-	17,454	17,476	(234)	5,280	140,304	218,704
Bonus issue	(10,581)	-	-	-	-	-	-	-	(10,581)
Issue of shares pursuant to scrip dividend scheme	3,195	-	-	-	-	-	(3,750)	-	(555)
Proceeds from exercise of warrants	515	-	-	-	-	-	-	-	515
Premium arising from issuance of shares on exercise of warrants	240	-	-	(240)	-	-	-	-	-
Premium arising from issue of new shares	11,941	-	-	-	-	-	-	-	11,941
Share issuance expenses	(168)	-	-	-	-	-	-	-	(168)
Profit attributable to shareholders	-	-	-	-	-	-	-	10,477	10,477
Dividends paid *	-	-	-	-	-	-	(1,523)	(11)	(1,534)
Reclassification to current liabilities	-	-	-	-	-	-	(7)	-	(7)
Translation adjustments	-	-	-	-	-	95	-	-	95
Balance as at									
31st October, 2001	29,632	13,934	-	17,214	17,476	(139)	-	150,770	228,887

* During the six months ended 31st October, 2001, the final dividend paid in respect of shares issued upon exercise of warrants prior to the record date (14th September, 2001) for the payment of final dividend for the year ended 30th April, 2001 was approximately HK\$11,000.

14. Contingent liabilities

Contingent liabilities not provided for in the financial statements are:

	As at 31st October, 2001 HK\$'000	As at 30th April, 2001 HK\$'000
Discounted bills with recourse	–	1,402
Factoring of trade receivables with recourse	38,573	30,415
Shipping guarantees	663	–
	39,236	31,817

15. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.