

1. General

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company.

Its subsidiaries are engaged principally in the design, development, manufacture, and sale and marketing of various consumer electronic products. Its associate is engaged in the manufacture and sale of printed circuit boards.

2. Adoption of New and Revised Statements of Standard Accounting Practice

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts and disclosures reported for the current or prior periods.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) "Events After the Balance Sheet Date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior year adjustment. The proposed final dividend of HK\$98.6 million and HK\$51.6 million for the two years ended March 31, 2000 and March 31, 2001 has been reversed and recognised in the years ended March 31, 2001 and March 31, 2002 respectively. The effect of this change was to increase the Group's and the Company's revenue reserve as at April 1, 2000 and April 1, 2001 of HK\$98.6 million and HK\$51.6 million respectively.

As a result of the adoption of SSAP 9 (Revised), the dividends proposed or declared after the balance sheet date by subsidiaries are not recognised as a liability at the balance sheet date. The effect of this change is to decrease the dividend payable by subsidiaries to minority shareholders and to increase the minority interests of the Group at March 31, 2000 and March 31, 2001 of HK\$32.0 million and HK\$28.7 million respectively.

Segment reporting

In the current year, the Group has followed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for the year ended March 31, 2001 have been amended so that they are presented on a consistent basis.

2. Adoption of New and Revised Statements of Standard Accounting Practice (continued)

Goodwill (negative goodwill)

In the current year, the Group has adopted SSAP 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 date of acquisition of the relevant subsidiary and associate and the date of adoption of SSAP 30 have been recognised retrospectively. The effect of this change was to decrease the revenue reserve and to increase the capital reserve of the Group as at March 31, 2000 and March 31, 2001 by HK\$11.2 million.

Goodwill arising on acquisitions prior to April 1, 2001 continues to be held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary and associate, or at such time as further impairment losses are identified. Goodwill arising on acquisitions after April 1, 2001 is capitalised and amortised over its estimated useful life of not more than 20 years.

Negative goodwill arising on acquisitions prior to April 1, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary and associate. Negative goodwill arising on acquisitions after April 1, 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.

Leases

The adoption of SSAP 14 (Revised) "Leases" has not resulted in any significant changes to the accounting treatment adopted for leases. Disclosures relating to the Group's operating leasing arrangements as set out in note 33 have been modified so as to comply with the new requirements of SSAP 14 (Revised). Comparative disclosures have been restated to achieve a consistent presentation.

3. Principal Accounting Policies

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties. The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to March 31 each year.

The results of subsidiaries and associates acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal respectively, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

3. Principal Accounting Policies (continued)

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition.

Goodwill arising on acquisition prior to April 1, 2001 continues to be 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 the goodwill is determined to be impaired. Goodwill arising on acquisitions after April 1, 2001 is recognised as an asset and amortised on a straight line basis over its useful economic life of not more than 20 years.

On disposal of a subsidiary or associate, the attributable amount of unamortised goodwill/goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions prior to April 1, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary or associate. Negative goodwill arising on acquisitions after April 1, 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.

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of an associate is deducted from the carrying value of that associate. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant leases is twenty years or less.

3. Principal Accounting Policies (continued)**Property, plant and equipment**

Property, plant and equipment other than construction in progress are stated at cost or valuation less depreciation and accumulated impairment loss.

Certain of the Group's land and buildings were revalued in previous accounting periods. Advantage has been taken of the transitional relief provided by paragraph 80 of SSAP 17 (Revised) "Property, plant and equipment" from the requirement to make revaluation on a regular basis of the Group's land and buildings revalued prior to September 30, 1995 and accordingly no further revaluation of land and buildings will be carried out.

The surplus arising on revaluation of property, plant and equipment in previous years was credited to the asset revaluation reserve. Any future decrease in net carrying amount of these assets will be charged to the income statement to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to previous revaluation of that particular asset. On the subsequent sale of assets, the attributable revaluation surplus not yet transferred to revenue reserve in prior years will be transferred to revenue reserve.

The cost or valuation of leasehold buildings is depreciated over twenty-five years by equal annual instalments. The cost or valuation of leasehold land is amortised over the remaining period of the leases, or over a period of fifty years if shorter, by equal annual instalments. Freehold land is not amortised.

Depreciation is provided to write off the depreciable amount of other property, plant and equipment, other than construction in progress, over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Furniture, fixtures and equipment	15 - 30%
Plant and machinery	15 - 25%
Motor vehicles	20%

In previous years, computers included in furniture, fixtures and equipment were depreciated at 15% per annum. The directors have re-assessed the depreciation rate applicable to computers due to the rapid technological changes. With effect from April 1, 2001, computers are depreciated at 30% per annum, which reflects the Group's recent experience of the average useful lives of the assets. Such change in depreciation rate on computers has increased the depreciation charge for the year by approximately HK\$4.8 million.

Construction in progress is stated at cost. Cost includes all development expenditure and other direct costs attributable to such projects. It is not depreciated until completion of construction. Cost on completed construction works is transferred to other categories of property, plant and equipment.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as assets owned by the Group or, where shorter, the term of the relevant leases.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Income from investments in subsidiaries is accounted for when the Company's right to receive the dividend payment has been established.

3. Principal Accounting Policies (continued)

Interest in an associate

The results and assets and liabilities of associates are incorporated in the Group's financial statements using the equity method of accounting. The carrying amount of such interests is reduced to recognise any identified impairment loss.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised over the life of the project from the date of commencement of commercial operation subject to a maximum period of two years.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Patents and trademarks

Patents and trademarks are originally stated at cost and amortised over their estimated useful lives or, where shorter, a maximum period of five years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Property held for resale

Property held for resale is stated at the lower of cost and net realisable value. Cost represents the net carrying value of the property at the time when it was reclassified from property, plant and equipment. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leases

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as obligations under finance leases. The finance costs, which represent the difference between the total leasing commitments and the outstanding principal amount at the inception of the finance leases, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases. The rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the leases.

3. Principal Accounting Policies (continued)

Turnover

Turnover represents the total amounts received and receivable for goods sold, less returns, to outside customers during the year.

Revenue recognition

Sale of goods is recognised when goods are delivered and title has been passed.

Dividend income is recognised when the Group's right to receive dividends has been established.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Mould construction income is recognised when construction is completed and the mould is delivered.

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expense are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

The Group enters into foreign currency forward contracts to hedge specific foreign currency commitments and foreign currency monetary assets and liabilities. Profits and losses on contracts that hedge specific foreign currency commitments are deferred and recognised as part of the specific transaction hedged. Any gain or loss arising on other forward contracts is taken to the income statement.

On consolidation, the financial statements of overseas subsidiaries and operations are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in the currency translation reserve.

Retirement scheme

The amount of the Group's contributions payable in respect of the Group's defined contribution schemes is charged to the income statement.

4. Other Revenue

	2002 HK\$'m	2001 HK\$'m
Other revenue includes the following items:		
Bank interest income	15.0	24.3
Mould construction income	8.5	8.3
Forfeiture of payments from customers for certain product development projects terminated	7.0	–
Rental income under operating leases, net of outgoings	0.8	0.7
(Adjustment for) insurance recovery of damages to inventories and property, plant and equipment due to flooding	(4.0)	19.3

5. Profit from Operations

	2002 HK\$'m	2001 HK\$'m
Profit from operations has been arrived at after charging:		
Directors' emoluments (note 6)	19.9	17.3
Other staff costs	305.9	352.3
Retirement benefits scheme contributions, net of forfeited contributions of HK\$0.5 million (2001: HK\$1.1 million)	10.1	3.2
Total staff costs	335.9	372.8
Less: amount capitalised in development costs	(24.4)	(21.7)
	311.5	351.1
Amortisation of intangible assets		
– development costs (included under research and development expenses)	23.5	21.9
– patents and trademarks (included under administrative expenses)	0.1	0.1
Auditors' remuneration	3.2	4.2
Depreciation and amortisation of property, plant and equipment		
– owned assets	60.5	48.2
– assets held under finance leases	0.1	0.4
Development costs written off	4.6	6.7
Loss arising from properties		
– impairment loss recognised in respect of leasehold land and buildings	–	4.3
– deficit on revaluation of investment properties	–	0.9
Loss on disposal of property, plant and equipment	5.8	17.6
Minimum lease payments paid under operating leases in respect of		
– land and buildings	33.7	27.3
– others	0.2	1.8

6. Directors' and Employees' Emoluments

	2002 HK\$'m	2001 HK\$'m
Directors' fees	1.3	1.3
Other emoluments		
– Salaries and other benefits	11.5	9.1
– Performance related incentive payments	6.8	6.7
– Retirement scheme contributions	0.3	0.2
	19.9	17.3

The amounts for the year ended March 31, 2002 disclosed above included directors' fee of HK\$0.6 million and other emoluments of HK\$0.3 million, representing consultancy fee included in salaries and other benefits, paid and payable to independent non-executive directors. The amounts for the year ended March 31, 2001 included directors' fees of HK\$0.5 million payable to independent non-executive directors.

The directors' other emoluments above for the year ended March 31, 2002 included operating lease rentals of HK\$1.2 million (2001: Nil) paid in respect of the accommodation provided to a director.

Emoluments of the directors were within the following bands:

	Number of director(s)	
	2002	2001
Nil up to HK\$1,000,000	5	5
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$3,500,001 to HK\$4,000,000	1	–
HK\$4,000,001 to HK\$4,500,000	1	1
HK\$8,000,001 to HK\$8,500,000	1	–
HK\$8,500,001 to HK\$9,000,000	–	1

6. Directors' and Employees' Emoluments (continued)

Of the five highest paid employees of the Group, four (2001: three) were directors of the Company whose emoluments are included in above. The emoluments of the remaining one (2001: two) highest paid individuals are as follows:

	2002 HK\$'m	2001 HK\$'m
Salaries and other benefits	2.3	4.4
Performance related incentive payments	0.2	0.4
	2.5	4.8

Their emoluments were within the following bands:

	Number of employee(s)	
	2002	2001
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$2,500,001 to HK\$3,000,000	–	1

7. Finance Costs

	2002 HK\$'m	2001 HK\$'m
Finance lease charges	–	(0.1)
Interest on bank and other borrowings wholly repayable within five years	(1.5)	(4.2)
Total finance costs	(1.5)	(4.3)

8. Other Non-operating Income

	2002 HK\$'m	2001 HK\$'m
Gain on deemed disposal arising from dilution of interest in a subsidiary listed on the Singapore Exchange Securities Trading Limited as a result of the exercise of share options	0.5	2.6

9. Taxation

	2002 HK\$'m	2001 HK\$'m
The charge consists of:		
Hong Kong Profits Tax calculated at 16% (2001: 16%) of the estimated assessable profit for the year		
– current year	(17.1)	(29.6)
– overprovision in prior years	1.4	5.9
Tax in other jurisdictions calculated at rates ruling in the respective jurisdictions		
– current year	(5.6)	(6.2)
– overprovision in prior years	0.4	0.5
Deferred taxation (charge) credit (note 26)	(3.5)	2.3
	(24.4)	(27.1)
Share of taxation of an associate		
– Hong Kong Profits Tax	(0.3)	(0.5)
	(24.7)	(27.6)

Certain of the Group's subsidiaries in the People's Republic of China (the "PRC") other than in Hong Kong are entitled to exemption from PRC income tax in their first two years of profitable operation, and thereafter are entitled to a relief of 50% on the normal income tax rate in the following three years.

9. Taxation (continued)

The deferred taxation (charge) credit for the year is in respect of the following timing differences:

	2002 HK\$'m	2001 HK\$'m
Tax effect on timing differences in respect of:		
Excess of depreciation allowance claimed for tax purposes over depreciation charged in the financial statements	(1.3)	(2.1)
Deferred development costs allowable on an incurred basis for tax purposes	(2.7)	(1.0)
Taxation losses arising during the year	0.5	5.4
	(3.5)	2.3

10. Dividends

	2002 HK\$'m	2001 HK\$'m
Additional prior year's final dividend paid as a result of the exercise of employees' share options	(0.1)	(0.1)
Interim dividend paid of 1.0 HK cent per share in cash (2001: 2.0 HK cents per share in cash with scrip option on 2,070,288,407 shares (2001: 2,058,512,481 shares))	(20.7)	(41.2)
Final dividend proposed of 3.5 HK cents per share in cash (2001: 2.5 HK cents per share in cash) on 2,070,288,407 shares (2001: 2,065,932,907 shares)	(72.5)	(51.6)
Special dividend proposed of 2.5 HK cents per share in cash on 2,070,288,407 shares	(51.7)	-
	(145.0)	(92.9)

- (a) The previously recorded final dividend proposed and declared after the balance sheet date but accrued in the financial statements for the years ended March 31, 2000 and March 31, 2001 was approximately HK\$98.6 million and HK\$51.6 million respectively. Under the Group's revised accounting policy as stated in note 2, these are now charged in the period in which they were approved.
- (b) At the meeting held on June 18, 2002, the directors proposed a final dividend and special dividend of 3.5 HK cents and 2.5 HK cents per share respectively. These proposed dividends, which are calculated on the Company's number of ordinary shares as at the balance sheet date are not recognised as liabilities in the financial statements.

11. Earnings per Share

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

	2002 HK\$'m	2001 HK\$'m
Net profit for the year for the purpose of basic earnings per share	138.8	132.8
Effect of dilutive potential ordinary shares: Adjustment to the share of result of a subsidiary based on dilution of its earnings per share	(0.2)	(1.5)
Net profit for the purpose of diluted earnings per share	138.6	131.3

Number of ordinary shares:

	2002	2001
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,069,611,312	2,018,262,662
Effect of dilutive potential ordinary shares: Options	1,739,230	4,942,317
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,071,350,542	2,023,204,979

12. Investment Properties

	HK\$'m
Valuation At March 31, 2002 and 2001	6.6

The investment properties of the Group were revalued at March 31, 2002 on an open market value basis by Vigers Hong Kong Limited, an independent firm of professional valuers.

The investment properties are situated in Hong Kong and are held under medium-term leases. They are rented out under operating leases.

13. Property, Plant and Equipment

	Land and buildings HK\$'m	Construction in progress HK\$'m	Furniture, fixtures and equipment HK\$'m	Plant and machinery HK\$'m	Motor vehicles HK\$'m	Total HK\$'m
The Group						
Cost or valuation						
At April 1, 2001	73.3	12.2	188.2	260.4	14.3	548.4
Additions	–	2.8	18.9	21.4	1.1	44.2
Disposals	(7.4)	–	(5.8)	(3.3)	(1.8)	(18.3)
Transfer	–	(15.0)	15.0	–	–	–
At March 31, 2002	65.9	–	216.3	278.5	13.6	574.3
Comprising:						
At cost	8.5	–	216.3	278.5	13.6	516.9
At valuation						
– 1993	49.3	–	–	–	–	49.3
– 1994	8.1	–	–	–	–	8.1
	65.9	–	216.3	278.5	13.6	574.3
Depreciation and amortisation						
At April 1, 2001	14.7	–	58.8	91.6	6.2	171.3
Provided for the year	2.1	–	29.5	27.3	1.7	60.6
Eliminated on disposals	(2.0)	–	(1.2)	(0.9)	(0.8)	(4.9)
At March 31, 2002	14.8	–	87.1	118.0	7.1	227.0
Net book values						
At March 31, 2002	51.1	–	129.2	160.5	6.5	347.3
At March 31, 2001	58.6	12.2	129.4	168.8	8.1	377.1

At March 31, 2002, the net book value of assets held under finance leases amounted to HK\$0.3 million (2001: HK\$0.4 million).

The valuation of land and buildings in 1993 was made by Vigers Hong Kong Limited, a firm of professional property valuers, at March 31, 1993, on an open market value and existing use basis.

13. Property, Plant and Equipment (continued)

The valuation of land and buildings in 1994 was made by Erwin Foos, a firm of architects in Germany, at May 6, 1993 on the average of gross rental basis and current market values basis, which are generally accepted valuation bases in Germany.

The net book value of land and buildings of the Group includes land held under:

	2002 HK\$'m	2001 HK\$'m
Long leases situated in Hong Kong	–	5.1
Medium term leases situated in Hong Kong	39.9	41.8
Freehold situated outside Hong Kong	11.2	11.7
	51.1	58.6

Had all the land and buildings been carried at cost less accumulated depreciation and amortisation, the carrying value of the land and buildings would have been stated at approximately HK\$25.4 million (2001: HK\$28.3 million).

14. Investments in Subsidiaries

	The Company	
	2002 HK\$'m	2001 HK\$'m
Unlisted investments, at deemed cost	204.8	204.8

The deemed cost of the unlisted investments is based on the underlying net assets of the subsidiaries attributable to the Group at the date of acquisition of the interest in the relevant subsidiaries.

14. Investments in Subsidiaries (continued)

Details of the principal subsidiaries of the Company at March 31, 2002 are as follows:

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
Directly held					
Integrated Display Technology (Holdings) Limited	Hong Kong	HK\$1,000	100	100	Investment holding
Indirectly held					
Exact-Time Company Limited	Hong Kong	HK\$2	100	63	Manufacture of consumer electronic products and plastic parts and provision of surface mount technology assembly services
Huger Electronics GmbH	Germany	DM3,500,000*	100	63	Marketing and distribution of consumer electronic products
I-Comm Technology Limited	Bermuda	US\$15,486,900	75	75	Investment holding
IDT (Japan) Limited	Japan	JPY30,000,000	100	100	Trading of consumer electronic products
IDT (U.K.) Limited	United Kingdom	GBP2	100	100	Trading of consumer electronic products
IDT Communication Technology Limited	Hong Kong	HK\$2	100	75	Trading of telecommunication products
IDT Data System Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products
IDT Electronic Products Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products

14. Investments in Subsidiaries (continued)

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
IDT Enterprise (Shanghai) Ltd.	PRC	US\$680,000	100	100	Trading of consumer electronic products
IDT Holdings (Singapore) Limited	Singapore	S\$35,471,425	63	63	Investment holding
IDT Italia S.r.l.	Italy	EUR26,000	100	100	Trading of consumer electronic products
IDT Information Products (Holdings) Limited	British Virgin Islands	US\$80	100	100	Investment holding
IDT Technology Limited	Hong Kong	HK\$2	100	63	Trading of consumer electronic products
Innovative Products Manufacturing Company Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products
Integrated Display Technology France S.A.R.L.	France	EUR15,244.9	100	100	Trading of consumer electronic products
Integrated Display Technology Ibérica, S.L.	Spain	EUR6,012.12	100	100	Trading of consumer electronic products
Integrated Display Technology Limited	Hong Kong	HK\$6,000,000	100	100	Provision of group administrative services
Integrated Display Technology Telecommunications (Shenzhen) Co., Ltd.	PRC	RMB11,000,000	100	75	Manufacture and sale of telecommunication products
King Win Electronics Limited	Hong Kong	HK\$20	100	100	Manufacture of consumer electronic products
Ming Win Electronics Limited	Hong Kong	HK\$2	100	100	Manufacture of consumer electronic products

14. Investments in Subsidiaries (continued)

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
Oregon Scientific Asia Pacific Limited	Hong Kong	HK\$2	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Australia Pty Limited	Australia	A\$2,010,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific (Cook Islands) Limited	Cook Islands	US\$1	100	100	Trading of consumer electronic products
Oregon Scientific (Deutschland) GmbH	Germany	DM2,550,000*	100	100	Trading of consumer electronic products
Oregon Scientific France S.A.R.L.	France	EUR3,500,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Global Distribution Limited	Hong Kong	HK\$2	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Holdings (Europe) Limited	United Kingdom	GBP2	100	100	Investment holding
Oregon Scientific Ibérica, S.A.	Spain	EUR300,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific, Inc.	United States of America	US\$2,060,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Italia S.p.A.	Italy	EUR2,156,000	100	100	Marketing and distribution of consumer electronic products

14. Investments in Subsidiaries (continued)

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
Oregon Scientific (U.K.) Limited	United Kingdom	GBP2,400,002	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific (Japan) Limited	Japan	JPY10,000,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Polska Sp. z o.o.	Poland	PLN504,000	100	100	Marketing and distribution of consumer electronic products
Rich Win Electronics Limited	Hong Kong	HK\$2	100	63	Trading of consumer electronic products
Tekom Industries Limited	Hong Kong	HK\$10,000	100	75	Trading of telecommunication products
Super Win Electronics Limited	Hong Kong	HK\$2	100	75	Manufacture of telecommunication products
萬威科技開發(深圳)有限公司	PRC	US\$420,000	100	100	Provision of group research and development services
展科電子(深圳)有限公司	PRC	US\$70,000	100	63	Manufacture and sale of consumer electronic products

* Huger Electronics GmbH and Oregon Scientific (Deutschland) GmbH have paid-up surplus of DM1,800,000 and DM450,000 respectively.

14. Investments in Subsidiaries (continued)

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for Exact-Time Company Limited, King Win Electronics Limited, Ming Win Electronics Limited and Super Win Electronics Limited which operate in the PRC other than Hong Kong and the investment holding companies which have no definite place of operation, all of the above subsidiaries operate principally in their respective place of incorporation / establishment.

None of the subsidiaries had any loan capital outstanding at March 31, 2002 or at any time during the year.

15. Interest in an Associate

	The Group	
	2002 HK\$'m	2001 HK\$'m
Share of net assets	54.8	53.0
Market value at the balance sheet date	52.8	40.9

Details of the Group's associate at March 31, 2002 are as follows:

Name of associate	Place of incorporation	Proportion of nominal value of issued ordinary share capital held indirectly by the Company	Principal activities
Kyosha Holdings (Singapore) Limited	Bermuda	37%	Manufacture and sale of printed circuit boards

Kyosha Holdings (Singapore) Limited is a company listed on the Singapore Exchange Securities Trading Limited and has a December 31 financial year end date. For the purpose of accounting for the result of the associate in the Group's financial statements, the latest audited financial statements of the associate have been used.

16. Intangible Assets

	The Group		The Company	
	Development costs HK\$'m	Patents and trademarks HK\$'m	Total HK\$'m	Patents and trademarks HK\$'m
Cost				
At April 1, 2001	81.8	1.7	83.5	1.7
Additional costs incurred	45.6	–	45.6	–
Write-off	(7.0)	–	(7.0)	–
At March 31, 2002	120.4	1.7	122.1	1.7
Amortisation				
At April 1, 2001	49.3	1.6	50.9	1.6
Provided for the year	23.5	0.1	23.6	0.1
Eliminated on write-off	(2.4)	–	(2.4)	–
At March 31, 2002	70.4	1.7	72.1	1.7
Net book values				
At March 31, 2002	50.0	–	50.0	–
At March 31, 2001	32.5	0.1	32.6	0.1

17. Long-term Bank Deposits

The amounts represent bank deposits with variable interest based on a formula linked to London Inter-bank Offered Rate.

18. Inventories

	The Group	
	2002 HK\$'m	2001 HK\$'m
Raw materials	69.2	116.9
Work in progress	17.2	34.0
Finished goods	214.5	283.6
	300.9	434.5

Included above are raw materials of HK\$6.4 million (2001: HK\$23.4 million), work in progress of HK\$0.6 million (2001: HK\$0.6 million) and finished goods of HK\$45.2 million (2001: HK\$32.1 million) which are carried at net realisable value.

19. Property Held for Resale

The property held for resale is stated at cost. It is situated in the PRC other than Hong Kong, and is held under a long lease of not less than fifty years. In the opinion of the directors, the property held for resale is worth at least of its carrying value. It is temporarily rented out under an operating lease.

20. Trade and Other Receivables

The Group allows its trade customers a credit period normally ranging from letter of credit at sight to 30 days. A longer credit period of 45 to 60 days is granted to a few customers with long business relationship and strong financial position.

	The Group	
	2002 HK\$'m	2001 HK\$'m
The following is an aged analysis of trade receivables at the balance sheet date:		
Not yet due	201.5	236.7
Overdue less than 30 days	24.8	38.3
Overdue 31 to 90 days	14.8	13.8
Overdue more than 90 days	7.6	3.1
	248.7	291.9
Other receivables	66.7	87.4
	315.4	379.3

21. Trade and Other Payables

	The Group	
	2002 HK\$'m	2001 HK\$'m
The following is an aged analysis of trade payables at the balance sheet date:		
Not yet due	96.0	111.1
Overdue less than 30 days	35.5	56.4
Overdue 31 to 90 days	10.6	3.8
Overdue more than 90 days	1.3	0.8
	143.4	172.1
Other payables	110.7	122.4
	254.1	294.5

22. Obligations under Finance Leases**The Group**

	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$'m	2001 HK\$'m	2002 HK\$'m	2001 HK\$'m
Amounts payable under finance leases:				
Within one year	0.1	0.2	0.1	0.2
Between one and two years	0.2	0.1	0.2	0.1
Less: Future finance charges	0.3 –	0.3 –	0.3 N/A	0.3 N/A
Present value of lease obligations	0.3	0.3	0.3	0.3
Less: Amount due within one year included under current liabilities			(0.1)	(0.2)
Amount due after one year			0.2	0.1

23. Bank Borrowings – Unsecured**The Group**

	2002 HK\$'m	2001 HK\$'m
Bills payable and import loans	3.9	36.4
Bank loans	11.0	–
Bank overdrafts	0.2	3.3
	15.1	39.7

24. Share Capital

	2002 \$'m	2001 \$'m
Authorised:		
3,500,000,000 (2001: 2,500,000,000) ordinary shares of HK\$0.10 each	HK\$350.0	HK\$250.0
10,000 (2001: 10,000) ordinary shares of US\$0.10 each	–	–
Issued and fully paid:		
2,070,288,407 (2001: 2,065,932,907) ordinary shares of HK\$0.10 each	HK\$207.0	HK\$206.6

The movements in the share capital of the Company are summarised as follows:

Authorised:

	Ordinary shares of HK\$0.10 each		Ordinary shares of US\$0.10 each	
	Number of shares	Amount HK\$m	Number of shares	Amount HK\$m
At April 1, 2000 and March 31, 2001	2,500,000,000	250.0	10,000	–
Increase in share capital	1,000,000,000	100.0	–	–
At March 31, 2002	3,500,000,000	350.0	10,000	–

24. Share Capital (continued)

Issued and fully paid:

	Number of shares	Amount HK\$'m
At April 1, 2000	1,972,609,872	197.3
Issue of shares to satisfy 2000 final dividend in scrip form	83,442,859	8.3
Issue of shares to satisfy 2001 interim dividend in scrip form	6,195,426	0.6
Issue of shares on the exercise of share options	3,684,750	0.4
At March 31, 2001	2,065,932,907	206.6
Issue of shares on the exercise of share options	4,355,500	0.4
At March 31, 2002	2,070,288,407	207.0

Changes in the share capital of the Company in the year ended March 31, 2001 are as follows:

- (a) At the Company's annual general meeting held on August 28, 2000, a final dividend of 5.0 HK cents per share in cash with scrip option was approved. On September 25, 2000, 83,442,859 new ordinary shares of HK\$0.10 each of the Company were issued, credited as fully paid, at the issue price of HK\$0.756 per share to the shareholders who elected to receive the dividend in scrip form.
- (b) At a board meeting held on December 6, 2000, an interim dividend of 2.0 HK cents per share in cash with scrip option was declared. On February 2, 2001, 6,195,426 new ordinary shares of HK\$0.10 each of the Company were issued, credited as fully paid, at the issue price of HK\$0.612 per share to the shareholders who elected to receive the dividend in scrip form.
- (c) During the year ended March 31, 2001, the Company allotted and issued a total of 3,212,250 and 472,500 ordinary shares of HK\$0.10 each for cash at the exercise prices of HK\$0.509 and HK\$0.186 per share respectively as a result of the exercise of employees' share options.

All shares issued during the year ended March 31, 2001 above rank pari passu in all respects with the then existing shares in issue.

Changes in the share capital of the Company during the year are as follows:

- (d) Pursuant to an ordinary resolution passed in the annual general meeting of the Company held on August 28, 2001, the authorised share capital of the Company was increased from HK\$250,000,000 and US\$1,000 divided into 2,500,000,000 ordinary shares of HK\$0.10 each and 10,000 ordinary shares of US\$0.10 each respectively to HK\$350,000,000 and US\$1,000 divided into 3,500,000,000 ordinary shares of HK\$0.10 each and 10,000 ordinary shares of US\$0.10 each respectively by the creation of 1,000,000,000 additional ordinary shares of HK\$0.10 each. Such new shares rank pari passu in all respects with the then existing shares in the share capital of the Company.
- (e) During the year, the Company allotted and issued a total of 4,355,500 ordinary shares of HK\$0.10 each for cash at the exercise price of HK\$0.509 per share as a result of the exercise of employees' share options.

All shares issued during the year rank pari passu in all respects with the then existing shares in issue.

24. Share Capital (continued)

Share options

At March 31, 2002, the following options to subscribe for shares were outstanding under the employees' share option scheme of the Company:

Exercisable period	Exercise price per share HK\$	Number of share options outstanding at 3.31.2002
December 30, 1999 to December 29, 2008	0.509	1,729,750
December 30, 2000 to December 29, 2008	0.509	2,623,750
March 13, 2002 to August 30, 2011	0.453	9,000,000
January 13, 2003 to January 12, 2011	0.525	150,000
January 13, 2005 to January 12, 2011	0.525	150,000
		<hr/>
		13,653,500

25. Reserves

	Asset revaluation reserve HK\$'m	Currency translation reserve HK\$'m	Capital reserve HK\$'m	Share premium HK\$'m	Revenue reserve HK\$'m	Total HK\$'m
The Group						
At April 1, 2000						
– as originally stated	43.8	(5.3)	(7.5)	1.9	673.2	706.1
– prior period adjustments (note 2)	–	–	11.2	–	87.4	98.6
– as restated	43.8	(5.3)	3.7	1.9	760.6	804.7
Currency realignment	–	(2.3)	–	–	–	(2.3)
Premium on issue of shares as a result of the exercise of share options	–	–	–	1.3	–	1.3
Premium on issue of shares to satisfy dividends in scrip form	–	–	–	57.9	–	57.9
Impairment loss recognised in respect of leasehold land and buildings	(5.2)	–	–	–	–	(5.2)
Realised on dilution of interest in a subsidiary	(0.1)	0.2	–	–	–	0.1
Transfer to revenue reserve upon disposal of leasehold land and buildings	(0.2)	–	–	–	0.2	–
Net profit for the year	–	–	–	–	132.8	132.8
Dividends paid	–	–	–	–	(139.9)	(139.9)
At March 31, 2001, as restated	38.3	(7.4)	3.7	61.1	753.7	849.4
Currency realignment	–	(2.9)	–	–	–	(2.9)
Premium on issue of shares as a result of the exercise of share options	–	–	–	1.8	–	1.8
Realised on dilution of interest in a subsidiary	(0.1)	0.1	–	–	–	–
Transfer to revenue reserve upon disposal of leasehold land and buildings	(4.4)	–	–	–	4.4	–
Net profit for the year	–	–	–	–	138.8	138.8
Dividends paid	–	–	–	–	(72.4)	(72.4)
At March 31, 2002	33.8	(10.2)	3.7	62.9	824.5	914.7
Attributable to an associate:						
At March 31, 2002	–	(0.5)	(0.5)	–	27.7	26.7
At March 31, 2001	–	(0.5)	(0.5)	–	25.9	24.9

25. Reserves (continued)

	Contributed surplus HK\$'m	Share premium HK\$'m	Accumulated profits HK\$'m	Total HK\$'m
The Company				
At April 1, 2000				
– as originally stated	126.2	1.9	74.1	202.2
– prior period adjustment (note 2)	–	–	98.6	98.6
– as restated	126.2	1.9	172.7	300.8
Premium on issue of shares as a result of the exercise of share options	–	1.3	–	1.3
Premium on issue of shares to satisfy dividends in scrip form	–	57.9	–	57.9
Net profit for the year	–	–	99.9	99.9
Dividends paid	–	–	(139.9)	(139.9)
At March 31, 2001, as restated	126.2	61.1	132.7	320.0
Premium on issue of shares as a result of the exercise of share options	–	1.8	–	1.8
Net profit for the year	–	–	68.2	68.2
Dividends paid	–	–	(72.4)	(72.4)
At March 31, 2002	126.2	62.9	128.5	317.6

The capital reserve of the Group comprises HK\$14.0 million (2001: HK\$14.0 million) in respect of goodwill and HK\$17.7 million (2001: HK\$17.7 million) in respect of negative goodwill.

The contributed surplus of the Company arises from the difference between the nominal amount of the share capital issued by the Company and the book value of the underlying net assets of Integrated Display Technology (Holdings) Limited acquired as a result of a group reorganisation in 1990, less amount subsequently capitalised as a result of the bonus issue of shares in 2000.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

25. Reserves (continued)

In the opinion of the directors, the Company's reserves available for distribution to shareholders at the balance sheet date are as follows:

	2002 HK\$'m	2001 HK\$'m (As restated)
Contributed surplus	126.2	126.2
Accumulated profits	128.5	132.7
	254.7	258.9

26. Deferred Taxation**The Group**

	2002 HK\$'m	2001 HK\$'m
At beginning of the year	7.5	9.8
Charge (credit) for the year (note 9)	3.5	(2.3)
At end of the year	11.0	7.5

At the balance sheet date, the components of the deferred taxation liabilities (assets) provided for in the financial statements are as follows:

The Group

	2002 HK\$'m	2001 HK\$'m
Tax effect on timing differences in respect of:		
Excess of depreciation allowance claimed for tax purpose over depreciation charged in the financial statements	9.0	7.7
Deferred development costs allowable on an incurred basis for tax purpose	7.9	5.2
Unutilised estimated taxation losses carried forward	(5.9)	(5.4)
	11.0	7.5

26. Deferred Taxation (continued)

At the balance sheet date, the major components of the net potential deferred taxation liabilities not provided for in the financial statements are as follows:

	The Group	
	2002 HK\$'m	2001 HK\$'m
Excess of depreciation allowance claimed for tax purpose over depreciation charged in the financial statements	8.3	8.8
Deferred development costs allowable on an incurred basis for tax purpose	–	0.1
Unutilised estimated taxation losses carried forward	–	(5.3)
Other timing differences	(1.1)	–
	7.2	3.6

The major components of the net potential deferred taxation charge not provided for in the financial statements during the year are as follows:

	The Group	
	2002 HK\$'m	2001 HK\$'m
Difference between depreciation allowance claimed for tax purpose and depreciation charged in the financial statements	(0.5)	6.0
Deferred development costs allowable on an incurred basis for tax purpose	(0.1)	0.1
Taxation losses utilised during the year	5.3	5.6
Other timing differences	(1.1)	–
	3.6	11.7

The net potential deferred taxation liabilities have not been provided in the financial statements as it is not expected that the timing differences will reverse in the foreseeable future after taking into account of the Group's medium term financial plans and projections.

Deferred taxation has not been provided on the valuation surplus arising from the revaluation of the leasehold land and buildings as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the valuation surplus does not constitute a timing difference for taxation purposes.

The Company did not have any significant unprovided deferred taxation arising during the year or at the balance sheet date.

27. Reconciliation of Profit before Taxation to Net Cash Inflow from Operating Activities

	2002 HK\$'m	2001 HK\$'m
Profit before taxation	217.1	229.2
Interest income	(15.0)	(24.3)
Finance costs	1.5	4.3
Share of results of an associate	(4.1)	(8.5)
Amortisation of intangible assets	23.6	22.0
Depreciation and amortisation of property, plant and equipment	60.6	48.6
Development costs written off	4.6	6.7
Gain on deemed disposal of interest in a subsidiary	(0.5)	(2.6)
Loss on disposal of property, plant and equipment	5.8	17.6
Impairment loss recognised in respect of leasehold land and buildings	–	4.3
Deficit arising on revaluation of investment properties	–	0.9
Decrease (increase) in inventories	135.4	(19.7)
Decrease in trade and other receivables	64.0	82.9
Decrease in trade and other payables	(40.7)	(149.5)
Decrease in amount due to an associate	–	(0.4)
Effect of foreign exchange rate changes in intercompany balances	(5.4)	21.4
Net cash inflow from operating activities	446.9	232.9

28. Major Non-cash Transactions

- (a) During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value of HK\$0.3 million (2001: HK\$0.2 million) at the inception of the leases.
- (b) In 2001, 83,442,859 and 6,195,426 new ordinary shares of HK\$0.10 each of the Company were issued, credited as fully paid, at the issue prices of HK\$0.756 and HK\$0.612 per share respectively to satisfy 2000 final dividend and 2001 interim dividend in scrip form.

29. Analysis of Changes in Financing during the Year

	Share capital and premium HK\$'m	Bank loans HK\$'m	Bills payable and import loans HK\$'m	Obligations under finance leases HK\$'m	Minority interests HK\$'m
At April 1, 2000					
– as originally stated	199.2	6.6	47.0	1.0	250.2
– prior period adjustment (note 2)	–	–	–	–	32.0
– as restated	199.2	6.6	47.0	1.0	282.2
Issue of shares as a result of the exercise of share options	1.7	–	–	–	–
Issue of shares to satisfy dividends in scrip form	66.8	–	–	–	–
New finance raised	–	95.3	377.5	0.2	–
Repayment of loans	–	(101.9)	(388.1)	(0.8)	–
Capital contributed from minority shareholders of a subsidiary	–	–	–	–	11.3
Decrease due to the Group's share of capital contribution from minority shareholders	–	–	–	–	(2.7)
Minority's share of profit	–	–	–	–	68.8
Dividends to minority shareholders	–	–	–	–	(45.7)
Share of currency translation reserve	–	–	–	–	(2.6)
Currency realignment	–	–	–	(0.1)	–
At March 31, 2001, as restated	267.7	–	36.4	0.3	311.3
Issue of shares as a result of the exercise of share options	2.2	–	–	–	–
New finance raised	–	95.9	117.7	0.3	–
Repayment of loans	–	(84.9)	(150.2)	(0.3)	–
Capital contributed from minority shareholders of a subsidiary	–	–	–	–	2.9
Decrease due to the Group's share of capital contribution from minority shareholders	–	–	–	–	(0.5)
Minority's share of profit	–	–	–	–	53.6
Dividends to minority shareholders	–	–	–	–	(38.1)
Share of currency translation reserve	–	–	–	–	(1.0)
At March 31, 2002	269.9	11.0	3.9	0.3	328.2

30. Analysis of the Balances of Cash and Cash Equivalents

	2002 HK\$'m	2001 HK\$'m
Bank balances and cash	528.0	413.2
Bank overdrafts	(0.2)	(3.3)
	527.8	409.9

The bank balances and cash as at March 31, 2001 shown above excluded bank deposits of HK\$32.0 million which had a maturity period in excess of three months.

31. Contingent Liabilities**The Group**

	2002 HK\$'m	2001 HK\$'m
Bills discounted with recourse	0.4	3.9

The Company

	2002 HK\$'m	2001 HK\$'m
Guarantees given to banks to secure general banking facilities granted to subsidiaries - extent of facilities utilised	12.7	25.8

32. Capital Commitments

	The Group	
	2002 HK\$'m	2001 HK\$'m
Capital expenditure contracted for but not provided in the financial statements in respect of:		
– acquisition of property, plant and equipment	2.6	12.1
– development costs	0.2	2.5
– investment in a subsidiary	2.7	3.3
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	26.0	16.6
	31.5	34.5

The Company did not have any significant capital commitments at the balance sheet date.

33. Operating Lease Arrangements

The Group as lessee:

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	The Group	
	2002	2001
	HK\$'m	HK\$'m
Land and buildings:		
Operating leases which expire:		
– Within one year	28.4	32.7
– In the second to fifth year inclusive	56.5	69.3
– Over five years	29.5	42.1
	114.4	144.1
Others:		
Operating leases which expire:		
– Within one year	0.1	0.2
– In the second to fifth year inclusive	0.2	0.2
	0.3	0.4

Operating lease payments represent rentals payable by the Group for certain rented premises. Leases are negotiated for terms of two to ten years.

The Group as lessor:

	The Group	
	2002	2001
	HK\$'m	HK\$'m
Within one year	0.1	0.7
In the second to fifth year inclusive	–	0.1
	0.1	0.8

The properties held have committed a tenant for the next two months.

The Company did not have any operating lease commitments at the balance sheet date.

34. Forward Contract Commitments

At the balance sheet date, the Group had the following outstanding forward contract commitments:

	The Group	
	2002	2001
Principal amounts of forward contracts held for hedging purposes against trading transactions and monetary assets and liabilities:		
Sales of Euro	EUR2,335,000	EUR11,000,000
Sales of Great Britain Pounds	–	GBP500,000
Sales of United States Dollars	US\$14,000,000	–
Purchases of Hong Kong Dollars	HK\$109,235,000	–
Purchases of United States Dollars	US\$2,043,000	US\$10,825,500

In addition, at the balance sheet date, the Group had outstanding options given to certain financial institutions which may require the Group to sell to the financial institutions the following foreign currencies:

	Amount	Strike price US\$	Exercisable period
At 31 March, 2002			
Euro	EUR25,000,000	0.865 - 0.880	April, 2002
Great Britain Pounds	GBP5,000,000	1.410	April, 2002
Australian Dollars	A\$10,000,000	0.507 - 0.512	April, 2002 to June, 2002
At March 31, 2001			
Euro	EUR75,209,000	0.890 - 1.000	April, 2001 to October, 2001
Great Britain Pounds	GBP5,250,000	1.463 - 1.545	April, 2001 to September, 2001

35. Retirement Benefits Scheme

The Group operates defined contribution retirement schemes for all qualifying employees, including directors. The assets of the schemes are held separately from those of the Group in funds under the control of independent trustees.

The retirement scheme cost represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

With the introduction of the Mandatory Provident Fund (“MPF”) Scheme in the December 2000 in Hong Kong, the Group has restructured its retirement arrangements for its employees in Hong Kong to comply with the MPF legislation. The Group has set up a MPF Scheme on December 1, 2000 by participating in a master trust scheme provided by an independent MPF service provider. All qualifying employees are required to participate in the MPF Scheme. Mandatory benefits are being provided under the MPF Scheme.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

36. Segment Information

(A) Business segments

The Group is principally engaged in the design, development, manufacture, and sale and marketing of various consumer electronic products and is organised into five operating divisions:

- Design, development, manufacture, and sale and marketing of LCD consumer electronic products
- Design, development, manufacture, and sale and marketing of telecommunication products
- Design, development, manufacture, and sale and marketing of electronic personal information products
- Design, development, manufacture, and sale and marketing of electronic learning products
- Design, development, manufacture, and sale and marketing of other consumer electronic products

These operating divisions are the basis on which the Group reports its primary segment information.

36. Segment Information (continued)

(A) Business segments (continued)

(i) An analysis of the Group's turnover and results by business segments is as follows:

	LCD consumer electronic products HK\$'m	Tele- communication products HK\$'m	Electronic personal information products HK\$'m	Electronic learning products HK\$'m	Other consumer electronic products HK\$'m	Total HK\$'m
Year ended March 31, 2002						
Turnover						
Branded sales	614.0	–	113.9	187.3	9.6	924.8
OEM/ODM sales	317.6	623.7	146.5	215.4	5.5	1,308.7
Total	931.6	623.7	260.4	402.7	15.1	2,233.5
Result						
Segment result	162.6	16.1	4.9	27.0	(2.8)	207.8
Interest income						15.0
Unallocated corporate expenses						(8.8)
Profit from operations						214.0
Finance costs						(1.5)
Other non-operating income						0.5
Share of results of an associate						4.1
Profit before taxation						217.1
Taxation						(24.7)
Profit after taxation						192.4
Minority interests						(53.6)
Net profit for the year						138.8

36. Segment Information (continued)
(A) Business segments (continued)
(i) (continued)

	LCD consumer electronic products HK\$m	Tele- communication products HK\$m	Electronic personal information products HK\$m	Electronic learning products HK\$m	Other consumer electronic products HK\$m	Total HK\$m
Year ended March 31, 2001						
Turnover						
Branded sales	585.4	–	165.6	122.4	11.1	884.5
OEM/ODM sales	389.9	981.1	376.8	246.2	6.0	2,000.0
Total	975.3	981.1	542.4	368.6	17.1	2,884.5
Result						
Segment result	123.1	26.3	58.6	7.9	3.4	219.3
Interest income						24.3
Unallocated corporate expenses						(21.2)
Profit from operations						222.4
Finance costs						(4.3)
Other non-operating income						2.6
Share of results of an associate						8.5
Profit before taxation						229.2
Taxation						(27.6)
Profit after taxation						201.6
Minority interests						(68.8)
Net profit for the year						132.8

For the year ended March 31, 2002

36. Segment Information (continued)**(A) Business segments** (continued)

(ii) Other information

	LCD consumer electronic products HK\$m	Tele- communication products HK\$m	Electronic personal information products HK\$m	Electronic learning products HK\$m	Other consumer electronic products HK\$m	Total HK\$m
Year ended March 31, 2002						
Capital additions						
– Property, plant and equipment	21.6	10.6	4.1	4.6	3.3	44.2
– Development costs	12.9	13.9	6.2	12.6	–	45.6
Depreciation and amortisation						
– Property, plant and equipment						
– Business segments	27.1	17.7	3.8	4.6	0.2	53.4
– Unallocated corporate item						7.2
– Development costs	9.0	5.2	2.9	6.4	–	23.5
Development costs written off	–	3.0	1.6	–	–	4.6
Year ended March 31, 2001						
Capital additions						
– Property, plant and equipment	79.4	72.0	7.1	5.4	11.1	175.0
– Development costs	8.0	12.3	4.8	10.0	–	35.1
Depreciation and amortisation						
– Property, plant and equipment						
– Business segments	20.0	13.3	4.5	4.0	0.2	42.0
– Unallocated corporate item						6.6
– Development costs	5.3	7.1	6.0	3.5	–	21.9
Development costs written off	–	3.0	3.7	–	–	6.7

36. Segment Information (continued)**(A) Business segments** (continued)

(iii) An analysis of the Group's balance sheet by principal activities is as follows:

	LCD consumer electronic products HK\$m	Tele- communication products HK\$m	Electronic personal information products HK\$m	Electronic learning products HK\$m	Other consumer electronic products HK\$m	Total HK\$m
At March 31, 2002						
Assets						
Segment assets	883.8	443.1	122.3	147.0	14.5	1,610.7
Interest in an associate						54.8
Unallocated corporate assets						79.5
Consolidated total assets						1,745.0
Liabilities						
Segment liabilities	108.2	81.7	25.5	41.4	1.4	258.2
Amount due to an associate						0.1
Unallocated corporate liabilities						36.8
Consolidated total liabilities						295.1
At March 31, 2001						
Assets						
Segment assets	821.5	453.5	177.5	111.4	21.7	1,585.6
Interest in an associate						53.0
Unallocated corporate assets						91.3
Consolidated total assets						1,729.9
Liabilities						
Segment liabilities	134.2	84.9	52.2	35.4	9.8	316.5
Amount due to an associate						0.1
Unallocated corporate liabilities						46.0
Consolidated total liabilities						362.6

36. Segment Information (continued)

(B) Geographical segments

The Group's operations are located in Hong Kong and other parts of the PRC, Europe, United States of America and other Far East countries. In Hong Kong and other parts of the PRC, the Group carried out its manufacturing and trading operations. The Group also operates marketing offices in Europe, United States of America and other Far East countries.

- (i) An analysis of the Group's turnover and contribution to profit from operations by geographical market of its customers is as follows:

	Turnover		Contribution to profit from operations	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
United States of America	1,010.9	1,549.7	77.5	100.6
Europe	879.4	887.2	114.1	110.4
Asia Pacific	343.2	447.6	16.2	8.3
	2,233.5	2,884.5	207.8	219.3
Interest income			15.0	24.3
Unallocated corporate expenses			(8.8)	(21.2)
Profit from operations			214.0	222.4

- (ii) An analysis of the carrying amount of segment assets analysed by the geographical locations in which the assets are located is as follows:

	Segment assets		Additions to property, plant and equipment and development costs	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Hong Kong and other parts of the PRC	1,353.0	1,310.9	85.8	199.1
Europe	295.5	330.6	2.3	9.3
United States of America	74.4	71.7	1.2	1.7
Other Far East countries	22.1	16.7	0.5	–
	1,745.0	1,729.9	89.8	210.1