

1. **Basis of preparation and accounting policies**

These unaudited consolidated condensed accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants ("HKSA").

These condensed accounts should be read in conjunction with the 2001/2002 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31 March 2002 except that the Group has adopted the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised):	Presentation of financial statements
SSAP 11 (revised):	Foreign currency translation
SSAP 15 (revised):	Cash flow statements
SSAP 25 (revised):	Interim financial reporting
SSAP 34 :	Employee benefits

Certain presentational changes have been made upon the adoption of SSAP 1(revised), SSAP 15(revised) and SSAP 25(revised). The comparative figures have been restated and reclassified accordingly.

The adoption of SSAP 11(revised) has no material effect to the Group.

The adoption of SSAP 34 represents a change in accounting policy. Accordingly, provision is made for the estimated liability for long service payments that the Group may have to pay to employees on termination of their employment or retirement. In prior periods, no provision was made for the payments. The adjustments on provision of long service payments have been made retrospectively so that the comparatives presented have been restated.

As detailed in condensed consolidated statement of changes in equity, opening retained profits at 1 April 2002 and 2001 have decreased by HK\$700,000 and HK\$546,000 respectively which are accumulated provision of long service payments not yet recognised at 31 March 2002 and 2001. An increase in long-term liabilities of HK\$700,000 has been reflected in the consolidated balance sheet at 31 March 2002.

The amount charged to the profit and loss account for the six months ended 30 September 2001 have been increased by HK\$102,000.

2. **Revenues and segment information**

The Group is principally engaged in the design, development, manufacture and distribution of electronic components and consumer electronics.

An analysis of the Group's turnover and contribution to operating profit by business segments and geographical segments for the period is as follows:

(a) **Primary reporting format — business segments:**

	Distribution of electronic components		Manufacture of electronic components and consumer electronics		Eliminations		Group	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover								
External sales	248,641	246,403	173,704	170,439				
Inter-segment sales	3,447	2,577	29,867	—	(33,314)	(2,577)		
	<u>252,088</u>	<u>248,980</u>	<u>203,571</u>	<u>170,439</u>	<u>(33,314)</u>	<u>(2,577)</u>	<u>422,345</u>	<u>416,842</u>
Segments profits	4,684	4,601	6,865	9,664	—	—	11,549	14,265
Operating profit							11,549	14,265
Finance costs							(336)	(2,719)
Share of profits less losses of jointly controlled entities							(1,979)	(311)
Profit before taxation							9,234	11,235
Taxation							(1,246)	(1,613)
Profit after taxation							7,988	9,622
Minority interests							124	405
Profit attributable to shareholders							<u>8,112</u>	<u>10,027</u>

## Notes to condensed interim accounts

### (b) Secondary reporting format — geographical segments:

	Turnover	
	Six months ended	
	30 September	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong and Mainland China	273,667	260,989
America	75,132	94,249
Europe	30,292	21,768
Other Asian countries	43,254	39,836
	<u>422,345</u>	<u>416,842</u>

No analysis of the contribution to operating profit by geographical segment has been prepared as no contribution to profit from any of the above geographical segment is substantially out of line with the normal ratio of profit to turnover.

### 3. Operating profit

Operating profit is stated after charging and crediting the following:

	Six months ended	
	30 September	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Charging:</u>		
Depreciation of owned fixed assets	4,859	4,694
Amortisation of goodwill	152	500
<u>Crediting:</u>		
Interest income	<u>265</u>	<u>1,627</u>

### 4. Staff costs

	Six months ended	
	30 September	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Wages and salaries	30,211	28,916
Other allowances and benefits	3,103	3,444
Retirement benefit costs — defined contribution plans	461	535
Provision for long service payments	—	102
	<u>33,775</u>	<u>32,997</u>

5. **Taxation**

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period. Mainland China enterprise income tax is calculated at the rates applicable to the respective subsidiaries.

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax	1,030	1,500
Mainland China enterprise income tax	216	113
	<u>1,246</u>	<u>1,613</u>

6. **Dividends**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
2001/2002 Final dividend, paid, of HK\$0.01 (2000/2001 final paid: HK\$0.05) per ordinary share (Note (i))	1,595	7,956
2002/2003 Interim, proposed on 28 November 2002, of HK\$0.015 (2001/2002: HK\$0.02) per ordinary share (Note (ii))	2,382	3,182
	<u>3,977</u>	<u>11,138</u>

*Note (i):* At a meeting held on 15 July 2002 the directors proposed a final dividend of HK\$0.01 per ordinary share for the year ended 31 March 2002, which was paid on 10 September 2002 and has been reflected as an appropriation of retained earnings for the six months ended 30 September 2002.

*Note (ii):* At a meeting held on 28 November 2002 the directors declared an interim dividend of HK\$0.015 per ordinary share for the six months ended 30 September. This proposed dividend is not reflected as a dividend payable in these condensed interim accounts, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2003.

7. **Earnings per share**

The calculation of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of HK\$8,112,000 (2001: HK\$10,027,000 as restated).

The basic earnings per share is based on the weighted average of 159,254,463 (2001: 159,121,600) ordinary ordinary shares in issue during the period. The diluted earnings per share is based on 159,434,078 (2001: 159,633,028) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average of 179,615 (2001: 511,428) ordinary shares deemed to be issued at no consideration if all outstanding share options had been exercised.

8. **Capital expenditure**

**As at six months ended 30 September 2002**

	<b>Intangible</b>	<b>Fixed</b>
	<b>assets-</b>	<b>assets</b>
	<b>goodwill</b>	<b></b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Opening net book value	774	119,695
Other additions	—	4,394
Disposals	—	(64)
Depreciation/amortisation charge	(152)	(4,905)
Closing net book value	<u>622</u>	<u>119,120</u>

## Notes to condensed interim accounts

### 9. Trade and other receivables

Included in trade and other receivables are trade receivables, and their ageing analysis is as follows:

	<b>30 September 2002 HK\$'000</b>	31 March 2002 HK\$'000
Less than 60 days	91,725	57,465
60 to 119 days	27,329	16,218
120 days or more	6,713	5,658
	<u>125,767</u>	<u>79,341</u>

The majority of the Group's sales is on open account terms, of which the settlement is generally expected to be within 60 days of the date of sales.

### 10. Trade and other payables

Included in trade and other payables are trade payables and their ageing analysis is as follows:

	<b>30 September 2002 HK\$'000</b>	31 March 2002 HK\$'000
Less than 60 days	88,960	52,938
60 to 119 days	23,548	12,071
120 days or more	4,451	5,645
	<u>116,959</u>	<u>70,654</u>

### 11. Long-term liabilities

	<b>30 September 2002 HK\$'000</b>	31 March 2002 HK\$'000
Obligations under finance leases	244	314
Deferred taxatoin	365	365
Provision for long service payments	700	700
	<u>1,309</u>	<u>1,379</u>
Current portion of long-term liabilities	(150)	(143)
	<u>1,159</u>	<u>1,236</u>

### 12. Share capital

	<b>Number of Ordinary Shares</b>	<b>HK\$'000</b>
Authorised:		
Ordinary shares of HK\$0.10 each At 1 April 2002 and 30 September 2002	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each At 1 April 2002	159,121,600	15,912
Exercise of share options	350,000	35
Repurchase of shares	<u>(642,000)</u>	<u>(64)</u>
At 30 September 2002	<u>158,829,600</u>	<u>15,883</u>

During the period, 642,000 ordinary shares of HK\$0.10 each were repurchased and cancelled.

13. **Contingent liabilities**

- (a) At 30 September 2002, the Group and the Company had contingent liabilities in respect of bank guarantees amounting to HK\$18,110,000 (at 31 March 2002: HK\$18,110,000).
- (b) The Company did not have any significant contingent liabilities at 30 September 2002 and 2001.

14. **Commitments**

(a) *Capital commitments*

	<b>30 September 2002 HK\$'000</b>	31 March 2002 HK\$'000
Contracted but not provided for	<u>652</u>	<u>1,519</u>

(b) *Operating lease commitments*

At 30 September 2002, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>30 September 2002 HK\$'000</b>	31 March 2002 HK\$'000
Within one year	<b>804</b>	754
In the second to fifth year inclusive	<u>156</u>	<u>214</u>
	<u><b>960</b></u>	<u>968</u>

15. **Related party transactions**

The Group had the following significant transactions, entered into in the normal course of business, with its related companies during the period.

	<b>Six months ended 30 September</b>	
	<b>2002 HK\$'000</b>	2001 HK\$'000
Jointly controlled entities:		
Sale of goods	1,217	4,955
Purchase of goods	<u>3,679</u>	<u>5,440</u>