

Notes to condensed accounts

1. Principal accounting policies and basis of presentation

These unaudited condensed consolidated interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 (revised), "Interim Financial Reporting", issued by the Hong Kong Society of Accountants, and Appendix 16 of the Listing Rules.

These condensed interim accounts should be read in conjunction with the annual accounts for the year ended 31st March 2002.

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 31st 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 1st 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) and SSAP 34 has no material effect to the Group.

2. Turnover

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

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

(a) Primary reporting format – business segments:

	Electronic product 2002 HK\$'000	Printed circuit boards 2002 HK\$'000	Semiconductor 2002 HK\$'000	Eliminations 2002 HK\$'000	Group 2002 HK\$'000
Turnover	<u>80,923</u>	<u>126,434</u>	<u>9</u>	<u>(4,055)</u>	<u>203,311</u>
Segment results	<u>6,123</u>	<u>632</u>	<u>(1)</u>	<u>-</u>	<u>6,754</u>
Unallocated costs					<u>(651)</u>
Operating profit					<u>6,103</u>
Finance costs					<u>(3,054)</u>
Profit before taxation					<u>3,049</u>
Taxation					<u>23</u>
Profit attributable to shareholders					<u><u>3,072</u></u>

	Electronic product 2001 HK\$'000	Printed circuit boards 2001 HK\$'000	Semiconductor 2001 HK\$'000	Eliminations 2001 HK\$'000	Group 2001 HK\$'000
Turnover	<u>56,965</u>	<u>184,751</u>	<u>(286)</u>	<u>(2,430)</u>	<u>239,000</u>
Segment results	<u>(11)</u>	<u>15,470</u>	<u>(856)</u>	<u>–</u>	14,603
Unallocated costs					<u>(595)</u>
Operating profit					14,008
Finance costs					<u>(4,681)</u>
Profit before taxation					9,327
Taxation					<u>(1,013)</u>
Profit attributable to shareholders					<u>8,314</u>

(b) Secondary reporting format – geographical segments:

	Turnover		Operating profit/(loss)	
	Six months ended 30th September		Six months ended 30th September	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Principal markets:				
Hong Kong and Mainland China	30,850	38,965	(257)	1,263
America	66,221	91,313	3,755	4,200
South East Asia	46,204	36,552	283	2,921
Europe	60,036	72,170	2,322	5,624
	<u>203,311</u>	<u>239,000</u>	<u>6,103</u>	<u>14,008</u>

3. Operating profit

	For the six months ended 30th September	
	2002 HK\$	2001 HK\$
Operating profit is stated after crediting and charging the following:		
Crediting		
Gains on disposal of fixed assets	<u>437,736</u>	<u>—</u>
Charging		
Depreciation		
Owned fixed assets	8,128,546	5,950,248
Fixed assets held under finance leases	<u>6,192,136</u>	<u>8,735,119</u>

4. Staff costs

	For the six months ended 30th September	
	2002 HK\$	2001 HK\$
Wages and salaries	21,901,576	20,169,321
Social security costs	686,941	494,825
Pension costs-defined contribution plans	<u>124,119</u>	<u>164,497</u>
	<u>22,712,636</u>	<u>20,828,643</u>

5. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the period.

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

	For the six months ended 30th September	
	2002	2001
	HK\$	HK\$
Hong Kong profits tax	4,289	13,048
Over provision in prior periods	(27,093)	–
	(22,804)	13,048
Deferred taxation	–	1,000,000
	(22,804)	1,013,048

6. Dividend

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30th September 2002 (2001: Nil).

7. Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit for the period of HK\$3,071,228 (2001: HK\$8,313,809) and the weighted average number of 602,563,873 (2001: 531,865,600) ordinary shares in issue during the period.

Diluted earnings per share is not shown as the potential ordinary shares are anti-dilutive.

8. Fixed assets

	For the six months ended 30th September
	2002
	HK\$
Opening net book amount	212,432,666
Additions	19,288,255
Depreciation	(14,320,682)
Closing net book amount	217,400,239

9. Trade receivables

Trade receivables are stated net of provision for bad and doubtful debts. The ageing analysis of trade debtors as at 30th September 2002 was as follows:

	30th September 2002 HK\$'000	31st March 2002 HK\$'000
0 – 3 months	100,658	53,080
4 – 6 months	2,451	6,129
over 6 months	582	4,156
	<u>103,691</u>	<u>63,365</u>

Sales are made to customers with credit terms of 60-120 days.

10. Trade payables

The ageing analysis of trade payables as at 30th September 2002 was as follow:

	30th September 2002 HK\$'000	31st March 2002 HK\$'000
0 – 3 months	63,083	34,622
4 – 6 months	1,797	4,268
over 6 months	313	646
	<u>65,193</u>	<u>39,536</u>

11. Long term liabilities

	30th September 2002 HK\$	31st March 2002 HK\$
Secured bank loan	3,519,612	3,773,530
Obligation under finance leases	48,545,199	51,597,196
	52,064,811	55,370,726
Current portion of long-term liabilities	<u>(28,801,007)</u>	<u>(30,015,071)</u>
	<u>23,263,804</u>	<u>25,355,655</u>

At 30th September 2002, the Group's bank loans and overdrafts and other borrowings (excluding finance lease liabilities) were repayable as follows:

	Bank loan	
	30th September 2002 HK\$	31st March 2002 HK\$
Within one year	523,817	512,492
In the second year	539,443	527,773
In the third to fifth years	1,713,859	1,681,472
After the fifth year	742,493	1,051,793
	<u>3,519,612</u>	<u>3,773,530</u>

12. Share capital

	<i>No. of shares</i>	<i>HK\$</i>
<i>Authorised:</i>		
700,000,000 ordinary shares of HK\$0.10 each	<u>700,000,000</u>	<u>70,000,000</u>
	<i>No. of shares</i>	<i>HK\$</i>
<i>Issued and fully paid:</i>		
At 1st April 2001 and 30th September 2001	531,865,600	53,186,560
Repurchase of shares	<u>(4,752,000)</u>	<u>(475,200)</u>
At 31st March 2002	<u>527,113,600</u>	<u>52,711,360</u>
At 1st April 2002	527,113,600	52,711,360
Issued of new shares	<u>105,400,000</u>	<u>10,540,000</u>
At 30th September 2002	<u>632,513,600</u>	<u>63,251,360</u>

On 8th May 2002, the Company entered into a placing and underwriting agreement for a private placement of a total of 105,400,000 new shares of the Company at a placing price of HK\$0.10 per share to independent third parties ("The Share Placing"). The market price of the Company's shares was HK\$0.115 per share on that date. The Share Placing was completed on 22nd May 2002. The new shares rank pari passu in all respects with the existing issued shares of the Company. The Share Placing raised a total of approximately HK\$10,209,200 (net of expenses) for the Company. The purpose of the Share Placing is to finance acquisition of new machinery and equipment, and to enhance capital base.

13. Contingent liabilities

	30th September 2002 HK\$	31st March 2002 HK\$
(a) Guarantees for bank loans and overdrafts of subsidiaries	<u>36,442,885</u>	<u>35,286,383</u>

- (b) Since the year ended 31st March 2001, an investigation has been undertaken by the PRC customs authorities on a factory plant of a subsidiary in Dongguan in relation to a suspected under-declaration of customs duty by this factory. For the period ended 30th September 2002, no amount (31/3/2002: HK\$1 million) has been paid to the relevant authorities as a result of this investigation. The final result of this investigation is still unknown as at the date of approval of the accounts of the Company. The directors have not made any further provision in the consolidated accounts at this stage as in their opinion, there is unlikely to be any further liability arising from this investigation which would have a material effect on the Group's financial position or results of operations.

14. Commitments

- (a) *Capital commitments for purchase of plant and machinery*

	30th September 2002 HK\$	31st March 2002 HK\$
Contracted but not provided for	<u>2,064,190</u>	<u>9,436,430</u>

- (b) *Capital commitments in relation to capital injection to a new subsidiary*

	30th September 2002 HK\$	31st March 2002 HK\$
Contracted but not provided for	<u>9,729,101</u>	<u>14,950,000</u>

(c) *Commitments under operating leases*

At 30th September 2002, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings which expire as follows:

	30th September 2002 HK\$	31st March 2002 HK\$
Not later than one year	3,264,123	3,220,480
Later than one year and not later than five years	6,910,233	7,342,313
Later than five years	33,539,655	33,970,491
	<u>43,714,011</u>	<u>44,533,284</u>

15. Future operating lease receivables

At 30th September 2002, the Group had future minimum lease payments receivable under non-cancellable leases in respect of leasehold land and building as follows:

	30th September 2002 HK\$	31st March 2002 HK\$
Not later than one year	131,750	186,000
Later than one year and not later than five years	—	31,000
	<u>131,750</u>	<u>217,000</u>

On behalf of the Board

Yip Sum Yin
Chairman

Hong Kong, 30th December 2002