1. CORPORATE INFORMATION

The principal place of business of the Company is located at Unit 9, 32nd Floor, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

During the year, the Group was involved in the manufacture and sale of electronic products.

2. IMPACT OF REVISED AND NEW STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

The following revised and new SSAPs are effective for the first time for the current year's financial statements:

SSAP 1 (Revised)	:	Presentation of financial statements
SSAP 11 (Revised)	:	Foreign currency translation
SSAP 15 (Revised)	:	Cash flow statements
SSAP 34	:	Employee benefits

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of these SSAPs which have had a significant effect on the financial statements are summarised as follows:

SSAP 1 prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The principal impact of the revision to this SSAP is that a consolidated statement of changes in equity is now presented on page 23 of the financial statements in place of the consolidated statement of recognised gains and losses that was previously required and in place of the Group reserves note.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries are now translated into Hong Kong dollars at the weighted average exchange rates for the year, whereas previously they were translated at the exchange rates ruling at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements.

2. IMPACT OF REVISED AND NEW STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs") (continued)

SSAP 15 (Revised) prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. In addition, cash flows from overseas subsidiaries arising during the year are now translated into Hong Kong dollars at the exchange rates ruling at the dates of the transactions, or at an approximation thereto, whereas previously they were translated at the exchange rates ruling at the balance sheet date, and the definition of cash equivalents for the purpose of the consolidated cash flow statement has been revised. Further details of these changes and the restatement of prior year comparative amounts that have resulted from them are included in the accounting policies for "Cash and cash equivalents" and "Foreign currencies" in note 3 and in note 26(a) to the financial statements.

SSAP 34 prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has resulted in no change to the previously adopted accounting treatments for employee benefits. In addition, disclosures are now required in respect of the Company's share option scheme, as detailed in note 24 to the financial statements. These share option scheme disclosures are similar to the disclosures of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") previously included in the Report of the Directors, which are now required to be included in the notes to the financial statements as a consequence of the SSAP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of certain fixed assets as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Pursuant to a reorganisation scheme (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 September 2001, the Company became the holding company of the companies now comprising the Group. The Group Reorganisation involved companies under common control. The consolidated financial statements for the year ended 31 December 2001 were prepared using the merger basis of accounting as a result of the Group Reorganisation. On this basis, the Company had been treated as the holding company of its subsidiaries for the year ended 31 December 2001, rather than from the date of acquisition of the subsidiaries. Accordingly, the results of the Group for the year ended 31 December 2001 include the results of the Company and its subsidiaries with effect from 1 January 2001 or since their respective dates of incorporation or establishment, where this is a shorter period. In the opinion of the directors of the Company, the consolidated financial statements for the year ended 31 December 2001 prepared on the above basis present more fairly the results and state of affairs of the Group as a whole.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation

Fixed assets, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Changes in the values of fixed assets are dealt with as movements in the fixed asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the fixed asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset, less any estimated residual value, over the following estimated useful lives:

Leasehold land and buildings	The shorter of the lease terms and 50 years
Plant and machinery	10 years
Leasehold improvements, furniture, office equipment and motor vehicles	5 years

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress, which represents buildings under construction, is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of fixed assets when completed and ready for use.

Research and development costs

All research costs are charged to the profit and loss account as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expensed when incurred.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leased assets (continued)

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Inventories

Inventories are stated at the lower of cost and net realisable value after allowances for obsolete or slow-moving items. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads based on a normal level of operating activities. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences in the recognition of revenue and expenses for tax and financial reporting purposes, to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(b) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, ie, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. The capitalisation is based on the actual cost of the related borrowings. All other borrowing costs are recognised as expenses in the period in which they are incurred.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Prior to the adoption of the revised SSAP 11 and revised SSAP 15 during the year, as explained in note 2 to the financial statements, the profit and loss accounts and the cash flows of overseas subsidiaries were translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements, while the adoption of the revised SSAP 15 has resulted in restatement of prior year comparative amounts of the consolidated cash flow statement, further details of which are included in note 26(a) to the financial statements.

Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries operating in Fujian Province, the People's Republic of China (the "PRC") are required to participate in a central pension scheme (the "Central Scheme") operated by the local municipal government in Fujian Province, the PRC. These subsidiaries are required to contribute 18% to 20% of their staff payroll costs to the Central Scheme. The local municipal government in Fujian Province, the PRC, undertakes to assume the retirement benefits obligations of all existing and future retired staff of these subsidiaries. The only obligation of these subsidiaries with respect to the Central Scheme is to meet the required contributions under the Central Scheme. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the Central Scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which have lapsed, are deleted from the register of outstanding options and have no impact on the profit and loss account or balance sheet.

4. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year. All significant intra-group transactions have been eliminated on consolidation.

5. SEGMENT INFORMATION

Segment information is presented by way of two segment formats:

(i) on a primary segment reporting basis, by geographical segment; and

(ii) on a secondary segment reporting basis, by business segment.

The principal activity of the Group is the manufacture and sale of electronic products, which is managed according to the geographical location of customers.

Each of the Group's geographical segments, based on the location of customers, represents a strategic business unit that offers products to customers located in different geographical areas which are subject to risks and returns that are different from those of other geographical segments. The Group's geographical segments are as follows:

(a) Hong Kong;

(b) India;

(c) Elsewhere in Asia; and

(d) Africa, Western Europe, the Middle East, North and South America, and Russia.

In determining the Group's geographical segments, revenues and assets are attributed to the segments based on the location of the customers.

5. SEGMENT INFORMATION (continued)

(a) Geographical segments based on the location of customers

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's geographical segments.

Group

	Hong Kong		India		Elsewhere in Asia		Africa, Western Europe, the Middle East, North and South America, and Russia		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:										
Sales to external customers	**9,218**	6,624	**135,137**	122,054	**146,751**	140,891	**211,687**	171,889	**502,793**	441,458
Segment results	**1,993**	1,049	**20,258**	16,153	**21,097**	19,526	**33,756**	27,194	**77,104**	63,922
Unallocated revenue									**2,894**	770
Unallocated expenses									**(3,667)**	(4,150)
Profit from operating activities									**76,331**	60,542
Finance costs									**(1,102)**	(796)
Profit before tax									**75,229**	59,746
Tax									**(12,866)**	(9,658)
Net profit from ordinary activities attributable to shareholders									**62,363**	50,088

5. SEGMENT INFORMATION (continued)

(a) Geographical segments based on the location of customers (continued)

Group

	Hong Kong		India		Elsewhere in Asia		Africa, Western Europe, the Middle East, North and South America, and Russia		Unallocated		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**3,920**	2,770	**57,459**	55,001	**62,397**	63,586	**90,007**	72,745	**-**	–	**213,783**	194,102
Unallocated assets	**-**	–	**-**	–	**-**	–	**-**	–	**107,310**	48,997	**107,310**	48,997
Total assets	**3,920**	2,770	**57,459**	55,001	**62,397**	63,586	**90,007**	72,745	**107,310**	48,997	**321,093**	243,099
Segment liabilities	**1,250**	827	**18,331**	15,244	**19,906**	17,597	**28,714**	21,468	**-**	–	**68,201**	55,136
Unallocated liabilities	**-**	–	**-**	–	**-**	–	**-**	–	**56,690**	44,197	**56,690**	44,197
Total liabilities	**1,250**	827	**18,331**	15,244	**19,906**	17,597	**28,714**	21,468	**56,690**	44,197	**124,891**	99,333
Other segment information:												
Depreciation	**126**	68	**1,848**	1,260	**2,006**	1,455	**2,894**	1,775	**-**	–	**6,874**	4,558
Unallocated depreciation	**-**	–	**-**	–	**-**	–	**-**	–	**133**	155	**133**	155
	126	68	**1,848**	1,260	**2,006**	1,455	**2,894**	1,775	**133**	155	**7,007**	4,713
Capital expenditure	**525**	691	**7,695**	12,735	**8,355**	14,700	**12,052**	17,935	**-**	–	**28,627**	46,061

5. SEGMENT INFORMATION (continued)

(b) Geographical segments based on the location of assets

	Hong Kong		Macau		Elsewhere in the PRC		Unallocated		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**3,922**	6,773	**36,675**	45,250	**173,186**	142,079	**-**	–	**213,783**	194,102
Unallocated assets	**-**	–	**-**	–	**-**	–	**107,310**	48,997	**107,310**	48,997
	3,922	6,773	**36,675**	45,250	**173,186**	142,079	**107,310**	48,997	**321,093**	243,099
Capital expenditure	**379**	1,528	**-**	–	**28,248**	44,533	**-**	–	**28,627**	46,061

(c) Business segments

Over 90% of the Group's revenue and assets are attributable to the manufacture and sale of electronic products.

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2002	2001
	HK$'000	HK$'000
Cost of inventories sold	**388,939**	349,335
Depreciation	**7,007**	4,713
Research and development costs	**–**	989
Minimum lease payments under operating leases on leasehold land and buildings	**363**	492
Auditors' remuneration	**850**	1,200
Staff costs (excluding directors' remuneration – note 7):		
Wages and salaries	**41,463**	31,663
Retirement benefits scheme contributions	**6,134**	4,822
Loss on disposal of fixed assets	**693**	–
Revaluation deficit on leasehold land and buildings	**593**	458
Interest income	**(1,175)**	(567)

7. DIRECTORS' REMUNERATION

Directors' remuneration, disclosed pursuant to the Listing Rules and section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2002 HK$'000	2001 HK$'000
Fees	–	–
Other emoluments:		
Basic salaries, housing benefits, other allowances and benefits in kind	3,004	2,137
Retirement benefits scheme contributions	60	68
	3,064	2,205
	3,064	2,205

There were no fees and other emoluments payable to the independent non-executive directors during the year (2001: Nil).

The number of directors whose remuneration fell within the following band is as follows:

	Number of directors	
	2002	2001
Nil to HK$1,000,000	8	7

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, 26,000,000 share options were granted to the directors in respect of their services to the Group, further details of which are set out in note 24 to the financial statements. No value in respect of the share options granted during the year has been charged to the profit and loss account, or is otherwise included in the above directors' remuneration disclosures.

During the year, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2001: three) directors, details of whose remuneration are set out in note 7 to the financial statements. Details of the remuneration of the remaining one (2001: two) non-director, highest paid employee are as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Basic salaries, housing benefits, other allowances and benefits in kind	**324**	712
Retirement benefits scheme contributions	**12**	20
	336	732

The number of the non-director, highest paid employee whose remuneration fell within the following band is as follows:

	Number of non-director, highest paid employees	
	2002	2001
Nil to HK$1,000,000	**1**	2

During the year, 1,800,000 share options were granted to the non-director, highest paid employee in respect of his services to the Group, further details of which are set out in note 24 to the financial statements. No value in respect of the share options granted during the year has been charged to the profit and loss account, or is otherwise included in the above non-director, highest paid employees' remuneration disclosures.

9. FINANCE COSTS

	Group	
	2002	2001
	HK$'000	HK$'000
Interest on bank loans:		
Wholly repayable within five years	**1,063**	840
Repayable after five years	**–**	256
Interest on finance leases	**39**	13
Total interest	**1,102**	1,109
Less: Interest capitalised	**–**	(313)
	1,102	796

10. TAX

	Group	
	2002	2001
	HK$'000	HK$'000
Current year provision:		
Hong Kong	**25**	67
Macau	**11,680**	9,522
Elsewhere in the PRC	**1,161**	69
Tax charge for the year	**12,866**	9,658

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Macau Complementary Tax has been calculated at the rate of 15.75% (2001: 15.75%) on the estimated assessable profits of Congreve Assets Limited in respect of the year.

Deji Electronic Co., Ltd. Putian County, Fujian ("Deji Electronic"), Putian Dexing Electronic Co., Ltd. ("Putian Dexing") and Putian Derong Electronic Co., Ltd. ("Putian Derong") (collectively the "PRC Subsidiaries") are Sole Foreign Investment Enterprises and are exempted from the income tax of the PRC except Hong Kong for two years starting from the first profitable year of their operations, and are entitled to a 50% relief from the income tax of the PRC except Hong Kong for the following three years. Upon expiry of the tax relief period, the PRC Subsidiaries will be subject to the income tax rate of 27%, being the preferential tax rate applicable to these subsidiaries operating in one of the open coastal areas of the PRC except Hong Kong.

10. TAX (continued)

Taxes on the assessable profits of Deji Electronic had been calculated at the applicable rate of 27%. No provision for the income tax of the PRC except Hong Kong had been made for Putian Dexing as it was exempt from income tax for its second profitable year of operations, and no provision for the income tax of the PRC except Hong Kong had been made for Putian Derong as it did not generate any assessable profits for the year.

No provision for deferred tax had been made as the Group did not have any significant unprovided deferred tax liabilities in respect of the year (2001: Nil).

The revaluation of the Group's leasehold land and buildings does not constitute a timing difference and, consequently, there is no deferred tax arising thereon.

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the year ended 31 December 2002 dealt with in the financial statements of the Company was approximately HK$14,378,000 (period from 29 January 2001 (date of incorporation) to 31 December 2001: HK$10,263,000).

12. DIVIDENDS

	2002 HK$'000	2001 HK$'000
Interim	–	6,000
Proposed final – HK0.8 cents (2001: HK2.0 cents) per ordinary share	**11,520**	9,600
	11,520	15,600

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The interim dividend declared and paid for the year ended 31 December 2001 was paid by a subsidiary of the Company to its then shareholders prior to the Group Reorganisation.

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders for the year of HK$62,363,000 (2001: HK$50,088,000) and the weighted average of 1,440,002,590 (2001: 1,187,506,851 (restated)) ordinary shares in issue during the year, as adjusted to reflect the bonus issue during the year.

13. EARNINGS PER SHARE (continued)

Diluted earnings per share amount for the year ended 31 December 2002 has not been presented as the warrants and share options outstanding during the year had an anti-dilutive effect on the basic earnings per share for the year. No diluted earnings per share amount for the year ended 31 December 2001 has been presented as there were no potential dilutive ordinary shares in existence during that year.

14. FIXED ASSETS

Group

	Leasehold land and buildings HK$'000	Construction in progress HK$'000	Plant and machinery HK$'000	Leasehold improvements, furniture, office equipment and motor vehicles HK$'000	Total HK$'000
Cost or valuation:					
At 1 January 2002	35,000	6,477	51,252	4,924	97,653
Additions	343	8,050	18,559	1,675	28,627
Disposals	(4,300)	–	–	(215)	(4,515)
Revaluation	(1,493)	–	–	–	(1,493)
At 31 December 2002	29,550	14,527	69,811	6,384	120,272
Analysis of cost or valuation:					
At cost	–	14,527	69,811	6,384	90,722
At valuation	29,550	–	–	–	29,550
	29,550	**14,527**	**69,811**	**6,384**	**120,272**
Accumulated depreciation:					
At 1 January 2002	–	–	9,773	1,298	11,071
Depreciation provided during the year	647	–	5,328	1,032	7,007
Disposals	(76)	–	–	(99)	(175)
Written back on revaluation	(571)	–	–	–	(571)
At 31 December 2002	**–**	**–**	**15,101**	**2,231**	**17,332**
Net book value:					
At 31 December 2002	**29,550**	**14,527**	**54,710**	**4,153**	**102,940**
At 31 December 2001	35,000	6,477	41,479	3,626	86,582

14. FIXED ASSETS (continued)

The Group's leasehold land and buildings included above are held under the following lease terms:

	2002 HK$'000	2001 HK$'000
Medium term leases in Hong Kong	**2,050**	7,000
Medium term lease elsewhere in the PRC	**27,500**	28,000
	29,550	35,000

At 31 December 2002, the Group's leasehold land and buildings in Hong Kong were revalued on an open market value, existing use basis, by DTZ Debenham Tie Leung Limited ("DTZ"), an independent firm of professional valuers, at HK$2,050,000. The resulting revaluation deficit of approximately HK$593,000 (2001: HK$458,000) had been charged to the profit and loss account.

At 31 December 2002, the Group's leasehold land and buildings in the PRC except Hong Kong were revalued on a depreciated replacement cost basis by DTZ, at HK$27,500,000. The resulting revaluation deficit of approximately HK$329,000 (2001: surplus of HK$1,690,000) had been debited to the fixed asset revaluation reserve.

Had the Group's leasehold land and buildings in Hong Kong and elsewhere in the PRC been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately HK$2,960,000 (2001: HK$7,458,000) and HK$26,424,000 (2001: HK$26,310,000), respectively.

At 31 December 2002, the carrying amount of the Group's construction in progress included capitalised interest of approximately HK$354,000 (2001: HK$354,000).

At 31 December 2002, the Group's leasehold land and buildings in the PRC except Hong Kong with net book value of approximately HK$27,500,000 were pledged to secure banking facilities granted to the Group (note 22).

The net book value of the Group's motor vehicle held under a finance lease included in the total amount of leasehold improvements, furniture, office equipment and motor vehicles as at 31 December 2002 amounted to approximately HK$816,000 (2001: HK$1,043,000).

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2002	2001
	HK$'000	HK$'000
Unlisted shares, at cost	**81,159**	81,159

The balances with subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ establishment and operations	Nominal value of paid-up share/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
E-Today Technology Limited ("E-Today")	British Virgin Islands ("BVI")	Ordinary US$600	100	–	Investment holding
Congreve Assets Limited	BVI/ Macau	Ordinary US$100	–	100	Distribution of electronic products
Deji Electronic Co., Ltd. Putian County, Fujian *(Note 1)*	PRC except Hong Kong	HK$6,000,000	–	100	Manufacture and sale of electronic products
Putian Dexing Electronic Co., Ltd. *(Note 2)*	PRC except Hong Kong	HK$41,812,629	–	100	Manufacture and sale of electronic products
Putian Derong Electronic Co., Ltd. *(Note 3)*	PRC except Hong Kong	HK$18,000,000	–	100	Inactive
Tak Shun (Lam's) Company Limited ("Tak Shun Lam")	Hong Kong	Ordinary HK$2 Non-voting deferred HK$10,000 *(Note 4)*	–	100	Investment holding and distribution of electronic products

15. INVESTMENTS IN SUBSIDIARIES (continued)

Note 1: Deji Electronic is a Sole Foreign Investment Enterprise established in the PRC for an operating period of 20 years commencing from its date of establishment on 27 April 1992. The registered capital of Deji Electronic amounted to HK$10,200,000, of which HK$6,000,000 was paid up by the Group as at 31 December 2002.

Note 2: Putian Dexing is a Sole Foreign Investment Enterprise established in the PRC for an operating period of 50 years commencing from its date of establishment on 18 May 1998. The registered capital of Putian Dexing amounted to HK$50,880,000, of which HK$41,812,629 was paid up by the Group as at 31 December 2002.

Note 3: Putian Derong is a Sole Foreign Investment Enterprise established in the PRC for an operating period of 50 years commencing from its date of establishment on 29 April 2001. The registered capital of Putian Derong amounted to HK$60,000,000, of which HK$18,000,000 was paid up by the Group as at 31 December 2002.

Note 4: The non-voting deferred shares carry no rights as to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus in a return of capital in a winding-up (other than the nominal amount paid up or credited as paid-up of the non-voting deferred shares, after a sum of HK$1,000,000,000 per ordinary share has been distributed to the holders of the ordinary shares of Tak Shun Lam in such winding-up).

The above table lists the subsidiaries of the Company, which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

16. INVENTORIES

	Group	
	2002	2001
	HK$'000	HK$'000
Raw materials	**24,010**	30,490
Work in progress	**11,189**	9,797
Finished goods	**34,616**	19,576
	69,815	59,863

No inventories were stated at net realisable value as at 31 December 2002 (2001: Nil).

17. TRADE RECEIVABLES

The Group normally allows credit terms ranging from 30 to 90 days to its established customers.

An aging analysis of the trade receivables as at the balance sheet date, based on the date of recognition of the sale, is as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
1 – 30 days	**20,752**	35,712
31 – 60 days	**12,055**	15,106
61 – 90 days	**8,189**	996
	40,996	51,814

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2002	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**25,057**	13,135	**429**	22
Time deposits	**80,184**	28,617	**–**	–
Cash and cash equivalents	**105,241**	41,752	**429**	22

19. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 180 days from its suppliers.

An aging analysis of the trade payables as at the balance sheet date, based on the receipt of goods purchased, is as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
1 – 30 days	**12,030**	30,901
31 – 60 days	**15,438**	16,027
61 – 90 days	**12,870**	–
91 – 180 days	**9,463**	–
	49,801	46,928

20. INTEREST-BEARING BANK LOANS

	Group	
	2002	2001
	HK$'000	HK$'000
Bank loans, secured and repayable:		
Within one year	**18,692**	14,333
In the second year	**–**	326
In the third to fifth years, inclusive	**–**	1,058
After five years	**–**	2,294
	18,692	18,011
Portion classified as current liabilities	**(18,692)**	(14,333)
Long term portion	**–**	3,678

21. FINANCE LEASE PAYABLES

The Group leases a motor vehicle for its general business purposes. The lease is classified as a finance lease and has a remaining lease term of three years.

At 31 December 2002, the total future minimum lease payments under the finance lease and their present values, were as follows:

	Group			
	Minimum lease payments 2002 HK$'000	**Present value of minimum lease payments 2002 HK$'000**	Minimum lease payments 2001 HK$'000	Present value of minimum lease payments 2001 HK$'000
Amounts payable:				
Within one year	**301**	**285**	301	289
In the second year	**301**	**257**	301	269
In the third to fifth years, inclusive	**201**	**158**	503	405
Total minimum finance lease payments	**803**	**700**	1,105	963
Future finance charges	**(103)**		(142)	
Total net finance lease payables	**700**		963	
Portion classified as current liabilities	**(285)**		(289)	
Long term portion	**415**		674	

22. BANKING FACILITIES

At 31 December 2002, the Group's banking facilities were secured by the following:

(i) pledge of the Group's leasehold land and buildings in the PRC except Hong Kong (note 14); and

(ii) corporate guarantees given by the Company and certain subsidiaries of the Company.

23. SHARE CAPITAL

Shares

	2002 HK$'000	2001 HK$'000
Authorised:		
4,000,000,000 (2001: 2,000,000,000) ordinary shares of HK$0.01 each	**40,000**	20,000
Issued and fully paid:		
1,440,004,800 (2001: 480,000,000) ordinary shares of HK$0.01 each	**14,400**	4,800

During the year, the movements in share capital were as follows:

(a) Pursuant to an ordinary resolution passed at the general meeting of the Company held on 8 May 2002, the authorised share capital of the Company was increased from HK$20,000,000 to HK$40,000,000 by the creation of 2,000,000,000 additional shares of HK$0.01 each, ranking pari passu in all respect with the existing share capital of the Company.

(b) Pursuant to an ordinary resolution passed at the general meeting of the Company held on 8 May 2002, an aggregate of 960,000,000 new ordinary shares of HK$0.01 each of the Company were issued as fully paid bonus shares by capitalising the sum of HK$9,600,000 from the amounts standing to the credit of the Company's share premium account, on the basis of two bonus shares for every one ordinary share held by the shareholders whose names appear on the register of members of the Company on that date. The new ordinary shares rank pari passu in all respects with the existing issued share capital of the Company.

(c) 4,800 ordinary shares of HK$0.01 each of the Company were issued for cash at a subscription price of HK$0.40 per share pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of HK$1,920.

23. SHARE CAPITAL (continued)

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follows:

	Number of shares in issue	Issued share capital HK$'000
Shares allotted and issued nil paid on incorporation	1,000,000	–
Sub-division of each of the Company's shares into ten shares	10,000,000	–
Shares issued as consideration for the acquisition of the entire issued share capital of E-Today pursuant to the Group Reorganisation on 2 September 2001	10,000,000	100
Application of share premium to pay up nil paid shares issued on incorporation	–	100
Capitalisation issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the issue of new shares to the public	340,000,000	–
Pro forma at 31 December 2001	360,000,000	200
New issue on public listing	120,000,000	1,200
Capitalisation of the share premium account as set out above	–	3,400
At 31 December 2001 and 1 January 2002	480,000,000	4,800
Bonus issue of shares (b)	960,000,000	9,600
Warrants exercised (c)	4,800	–
At 31 December 2002	1,440,004,800	14,400

23. SHARE CAPITAL (continued)

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 24 to the financial statements.

Warrants

Pursuant to an ordinary resolution passed at the general meeting of the Company held on 8 May 2002, the Company granted bonus warrants to its shareholders on the basis of one warrant for every five ordinary shares of HK$0.01 each of the Company, based on the enlarged share capital of the Company after the grant of the 960,000,000 bonus shares detailed above, to the shareholders whose names appear on the register of members of the Company on that date, resulting in 288,000,000 warrants being issued.

Each of the bonus warrants entitles the holder thereof to subscribe for one ordinary share of HK$0.01 each of the Company at an initial subscription price of HK$0.40 per share, payable in cash and subject to adjustment, at any time between 30 May 2002 and 29 May 2004 (both dates inclusive). Any ordinary share falling to be issued upon the exercise of the subscription rights of the warrants will rank pari passu in all respects with the existing issued share capital of the Company.

During the year, 4,800 warrants were exercised for 4,800 ordinary shares of HK$0.01 each of the Company at HK$0.40 per share. At 31 December 2002, the Company had 287,995,200 warrants outstanding. The exercise in full of such warrants at the initial subscription price of HK$0.40 per share would, under the present capital structure of the Company, result in the issue of 287,995,200 additional ordinary shares of HK$0.01 each of the Company, for a total cash consideration of approximately HK$115,198,000 before any related share issue expenses.

24. SHARE OPTION SCHEME

SSAP 34 was adopted during the year, as explained in note 2 and under the heading "Share option scheme" in note 3 to the financial statements. As a result, the following detailed disclosures relating to the Company's share option scheme are now included in the notes to the financial statements. In the prior year, these disclosures were included in the Report of the Directors, as their disclosure is also a requirement of the Listing Rules.

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Option Scheme became effective on 18 September 2001 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. At 31 December 2002, the number of shares issuable under the share options granted under the Option Scheme was approximately 144,000,000, which represented 10% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

24. SHARE OPTION SCHEME (continued)

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholder's meetings.

24. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Option Scheme during the year:

Name or category of participant	Number of share options: At 1 January 2002	Granted during the year	Exercised during the year	Cancelled during the year	At 31 December 2002	Date of grant of share options *	Exercise period of share options	Exercise price of share options** HK$	Price of Company's shares ***: At grant date of options HK$	At exercise date of options HK$
Directors										
Mr. Law Wai Fai	–	14,000,000	–	–	14,000,000	28 November 2002	18 December 2002 to 17 December 2005	0.348	0.34	–
Ms. Lam Chu Ying	–	8,000,000	–	–	8,000,000	28 November 2002	18 December 2002 to 17 December 2005	0.348	0.34	–
Mr. Yeung Kwong Lun	–	4,000,000	–	–	4,000,000	28 November 2002	18 December 2002 to 17 December 2005	0.348	0.34	–
	–	26,000,000	–	–	26,000,000					
Other employees										
In aggregate	–	22,000,000	–	(280,000)	21,720,000	28 November 2002	18 December 2002 to 17 December 2005	0.348	0.34	–
	–	48,000,000	–	(280,000)	47,720,000					

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of a capitalisation issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

*** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the share options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average of the Stock Exchange closing prices over all of the exercises of options within the disclosure category.

At 31 December 2002, the Company had 47,720,000 share options outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 47,720,000 additional ordinary shares of HK$0.01 each of the Company and additional share capital of approximately HK$477,000 and share premium of approximately HK$16,130,000 (before share issue expenses).

25. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2002 and 2001 are presented in the consolidated statement of changes in equity on page 23 of the financial statements.

The share premium account of the Group includes: (i) the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Group Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor; (ii) the premium utilised as a result of the capitalisation issue and bonus issue of shares of the Company; and (iii) the premium arising from the new issue of shares of the Company.

The PRC Subsidiaries are required to transfer 10% of their profit after tax calculated in accordance with the PRC accounting regulations to the statutory reserve fund until such reserve reaches 50% of the registered capital of the respective subsidiaries, upon which any further appropriation will be at the recommendation of the directors of the subsidiaries. Such reserve may be used to reduce any losses incurred by the subsidiaries or be capitalised as paid-up capital of the subsidiaries.

25. RESERVES (continued)

Company

	Notes	Share premium account HK$'000	Retained profits HK$'000	Total HK$'000
Arising on acquisition of E-Today and applied in payment of 10,000,000 shares allotted nil paid on incorporation	23	80,959	–	80,959
Issue of shares	23	58,800	–	58,800
Capitalisation issue of shares	23	(3,400)	–	(3,400)
Share issue expenses	23	(13,096)	–	(13,096)
Net profit for the period	11	–	10,263	10,263
Proposed final dividend	12	–	(9,600)	(9,600)
At 31 December 2001 and 1 January 2002		123,263	663	123,926
Bonus issue of shares	23	(9,600)	–	(9,600)
Warrants exercised	23	2	–	2
Net profit for the year	11	–	14,378	14,378
Proposed final dividend	12	–	(11,520)	(11,520)
At 31 December 2002		**113,665**	**3,521**	**117,186**

The share premium account of the Company represents: (i) the excess of the then combined net assets of the subsidiaries acquired pursuant to the Group Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor; (ii) the premium utilised as a result of the capitalisation issue and bonus issue of shares of the Company; and (iii) the premium arising from the new issue of shares of the Company.

In accordance with the Companies Law (Revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Prior year comparative amounts

SSAP 15 (Revised) was adopted during the current year, as detailed in note 2 to the financial statements, which has resulted in a change to the layout of the consolidated cash flow statement. The consolidated cash flow statement is now presented under three headings: cash flows from operating activities, investing activities and financing activities. Previously five headings were used, comprising the three headings listed above, together with cash flows from returns on investments and servicing of finance and from taxes paid. The significant reclassifications resulting from the change in presentation are that taxes paid and interest received are now included in cash flows from operating activities, and interest paid, interest element on finance lease rental payments and dividends paid are now included in cash flows from financing activities. The presentation of the comparative consolidated cash flow statement for the year ended 31 December 2001 has been changed to accord with the new layout.

The method of calculation of certain items in the consolidated cash flow statement has changed under the revised SSAP 15, as explained under the heading "Foreign currencies" in note 3 to the financial statements. Cash flows of overseas subsidiaries are now translated into Hong Kong dollars at the exchanges rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year. Previously the cash flows of overseas subsidiaries were translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. This change has no significant impact on the cash flows from the operating activities, investing activities and financing activities for the years ended 31 December 2002 and 2001.

(b) Major non-cash transactions

(i) For the year ended 31 December 2001, the Group Reorganisation involved the acquisition of E-Today by the issue of shares of the Company credited as fully paid to the former shareholders of E-Today.

(ii) For the year ended 31 December 2001, the Group entered into a finance lease arrangement in respect of a fixed asset with capital value at the inception of the lease of approximately HK$1,050,000.

27. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the balance sheet date.

At 31 December 2002, the Company had provided corporate guarantees to the extent of HK$29.5 million to banks for banking facilities provided to certain subsidiaries. These banking facilities had not been utilised as at the balance sheet date.

28. OPERATING LEASE ARRANGEMENTS

The Group leases certain leasehold land and buildings under operating lease arrangements. The original lease terms for these leasehold land and buildings ranged from one to two years.

At 31 December 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Within one year	**332**	260
In the second to fifth years, inclusive	**24**	–
	356	260

The Company did not have any operating lease arrangements as at 31 December 2002 (2001: Nil).

29. COMMITMENTS

(a) In addition to the operating lease commitments detailed in note 28 above, the Group had the following commitments in respect of its fixed assets as at the balance sheet date:

	Group	
	2002	2001
	HK$'000	HK$'000
Contracted, but not provided for:		
Leasehold land and buildings	**20,473**	697
Plant and machinery	**–**	2,801
	20,473	3,498

(b) At 31 December 2002, the Group had contracted commitment in respect of capital investments in the PRC subsidiaries amounting to approximately HK$55,267,000 (2001: HK$60,000,000). Details of which were disclosed in note 15 to the financial statements.

The Company did not have any significant commitments as at 31 December 2002 (2001: Nil).

30. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, on 24 April 2003, the Company proposed to declare a final dividend of HK0.8 cents per ordinary share to its shareholders whose names appeared on the register of members of the Company on 29 May 2003.

31. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of certain revised and new SSAPs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 April 2003.