

The Directors announce that the unaudited consolidated results of the Group for the six months ended 30th June, 2003 were as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE, 2003**

	Notes	Six months ended 30th June,	
		2003 <i>HK\$'000</i> (Unaudited)	2002 <i>HK\$'000</i> (Unaudited and restated)
Turnover	4	1,163,661	816,834
Interest income		3,241	18,616
Realised gain on disposal of investments in securities		1,279	–
Net unrealised holding gain on investments in securities		–	1,718
Other operating income		938	1,270
Changes in inventories of finished goods and work-in-progress		24,788	25,103
Raw materials and consumables used		(950,702)	(651,516)
		(925,914)	(626,413)
Staff costs		(90,523)	(79,039)
Depreciation and amortisation expenses		(35,314)	(25,191)
Other operating expenses		(86,292)	(70,841)
Profit from operations	5	31,076	36,954
Finance costs	6	(4,212)	(5,587)
Loss on disposal of interests in associates		–	(705)
Share of results of associates		(320)	547
Profit before taxation		26,544	31,209
Taxation	7	(8,022)	(5,146)
Profit before minority interests		18,522	26,063
Minority interests		–	2
Net profit for the period		18,522	26,065
Dividends	9	4,669	938,513
Earnings per share			
Basic	10	3.97 cents	5.58 cents
Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30TH JUNE, 2003

	Notes	At 30/6/2003 HK\$'000 (Unaudited)	At 31/12/2002 HK\$'000 (Audited and restated)
Non-current assets			
Investment properties	11	10,230	12,880
Property, plant and equipment	12	410,461	398,681
Interests in associates		305,048	298,576
Investments in securities		383	383
Intangible asset	13	2,014	–
Deferred tax asset	8	824	750
		<u>728,960</u>	<u>711,270</u>
Current assets			
Inventories		256,523	217,787
Amount due from a related company	14	–	8,106
Trade and other receivables	15	438,526	333,932
Deposits and prepayments		22,478	18,627
Tax recoverable		–	3,027
Investments in securities		–	7,053
Bank balances and cash		169,614	611,194
		<u>887,141</u>	<u>1,199,726</u>
Current liabilities			
Trade and other payables	16	537,487	509,221
Tax payable		5,827	–
Current portion of secured bank loans	17	18,522	14,147
Trust receipts loans – secured		25,734	47,470
Bank loans and overdrafts	17		
– secured		319,757	245,064
– unsecured		56,152	61,430
		<u>963,479</u>	<u>877,332</u>
Net current (liabilities) assets		<u>(76,338)</u>	<u>322,394</u>
Total assets less current liabilities		<u>652,622</u>	<u>1,033,664</u>
Non-current liabilities			
Secured bank loans	17	28,498	11,892
Deferred taxation	8	20,709	18,036
		<u>49,207</u>	<u>29,928</u>
Minority interests		<u>1,741</u>	<u>192</u>
		<u>601,674</u>	<u>1,003,544</u>
Capital and reserves			
Share capital		46,692	46,692
Reserves		554,982	956,852
		<u>601,674</u>	<u>1,003,544</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH JUNE, 2003**

	Capital								
	Share capital	Share premium	redemption reserve	Contributed surplus	Capital reserve	Dividend reserve	Translation reserve	Accumulated profits	Total
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1st January, 2002	46,692	148,864	345	331,559	706	233,460	(68,721)	1,457,067	2,149,972
Adjustment on adoption of SSAP12 (Revised)	-	-	-	-	-	-	-	(12,107)	(12,107)
As restated	46,692	148,864	345	331,559	706	233,460	(68,721)	1,444,960	2,137,865
Net profit for the period	-	-	-	-	-	-	-	26,065	26,065
Dividends set aside (Note 9)	-	-	-	-	-	938,513	-	(938,513)	-
Dividends paid	-	-	-	-	-	(233,460)	-	-	(233,460)
Exchange difference not recognised in the income statement	-	-	-	-	-	-	14,152	-	14,152
At 30th June, 2002	46,692	148,864	345	331,559	706	938,513	(54,569)	532,512	1,944,622
Net profit for the period	-	-	-	-	-	-	-	7,926	7,926
Dividends set aside	-	-	-	-	-	420,231	-	(420,231)	-
Dividends paid	-	-	-	-	-	(938,513)	-	-	(938,513)
Exchange difference not recognised in the income statement	-	-	-	-	-	-	(10,491)	-	(10,491)
At 31st December, 2002	46,692	148,864	345	331,559	706	420,231	(65,060)	120,207	1,003,544
Net profit for the period	-	-	-	-	-	-	-	18,522	18,522
Dividends set aside (Note 9)	-	-	-	-	-	4,669	-	(4,669)	-
Dividends paid	-	-	-	-	-	(420,231)	-	-	(420,231)
Exchange difference not recognised in the income statement	-	-	-	-	-	-	(161)	-	(161)
At 30th June, 2003	<u>46,692</u>	<u>148,864</u>	<u>345</u>	<u>331,559</u>	<u>706</u>	<u>4,669</u>	<u>(65,221)</u>	<u>134,060</u>	<u>601,674</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE, 2003**

	Six months ended 30th June,	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(57,534)	(70,200)
Net cash used in investing activities	(51,791)	(703)
Financing activities		
Dividends paid	(420,231)	(233,460)
Other financing activities	87,936	17,313
Net cash used in financing activities	(332,295)	(216,147)
Net decrease in cash and cash equivalents	(441,620)	(287,050)
Cash and cash equivalents at 1st January	611,194	1,765,456
Effect of exchange rate changes	40	14,099
Cash and cash equivalents at 30th June	<u>169,614</u>	<u>1,492,505</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u>169,614</u>	<u>1,492,505</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2003

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of land and buildings, investment properties and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2002, except as described below.

In the current period, the Group has adopted, for the first time, the revised Statement of Standard Accounting Practice 12 “Income Taxes” (“SSAP 12 (Revised)”). The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly. Accumulated profits as at 1st January, 2002 have been reduced by approximately HK\$12 million which is the cumulative effect of the change in policy on the results up to 31st December, 2001. The profit for the six months ended 30th June, 2003 has been reduced by HK\$3 million (six months ended 30th June, 2002: HK\$1 million).

The Group’s accounting policy for taxation following the adoption of SSAP 12 (Revised) is stated below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2003

2. PRINCIPAL ACCOUNTING POLICIES – Continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2003**

3. SEGMENT INFORMATION

Segment information for the six months ended 30th June, 2003 and 2002 is as follows:

Business segments

	For the six months ended 30th June, 2003				
	EMS	ODM	Other	Eliminations	Consolidated
	division	division	divisions*		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE					
External sales	1,089,816	53,402	20,443	–	1,163,661
Inter-segment sales	55,782	27	1,450	(57,259)	–
Total revenue	<u>1,145,598</u>	<u>53,429</u>	<u>21,893</u>	<u>(57,259)</u>	<u>1,163,661</u>
SEGMENT RESULT	<u>56,855</u>	<u>(15,415)</u>	<u>(5,426)</u>		<u>36,014</u>
Unallocated corporate expenses					(9,117)
Interest income	179	2	3,060		3,241
Other operating income	869	4	65		938
Profit from operations					<u>31,076</u>
	For the six months ended 30th June, 2002				
	EMS	ODM	Other	Eliminations	Consolidated
	division	division	divisions*		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE					
External sales	794,263	6,822	15,749	–	816,834
Inter-segment sales	15,148	–	3,805	(18,953)	–
Total revenue	<u>809,411</u>	<u>6,822</u>	<u>19,554</u>	<u>(18,953)</u>	<u>816,834</u>
SEGMENT RESULT	<u>38,288</u>	<u>(14,843)</u>	<u>(5,456)</u>		<u>17,989</u>
Unallocated corporate expenses					(921)
Interest income	280	8	18,328		18,616
Other operating income	255	57	958		1,270
Profit from operations					<u>36,954</u>

* Other divisions included properties investment and sales of goods other than EMS and ODM products.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2003**

4. TURNOVER

Turnover represents the aggregate of gross invoiced sales less returns and discounts.

A geographical analysis of the Group's turnover is shown below:

	Six months ended 30th June,	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
North America	373,352	315,263
Asia other than Hong Kong	234,121	145,134
Europe	80,709	51,998
Hong Kong	475,479	304,439
	<u>1,163,661</u>	<u>816,834</u>

Contribution to profit by geographical market has not been presented as the contribution to profit from each market is closely proportional to turnover attributable to that market.

5. PROFIT FROM OPERATIONS

	Six months ended 30th June,	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>

Profit from operations has been arrived
at after charging:

Amortisation of land use right	20	–
Depreciation on property, plant and equipment	35,294	25,191
Loss on disposal of investment properties	220	386
Loss on disposal of property, plant and equipment	–	619
	<u>–</u>	<u>619</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2003**

6. FINANCE COSTS

	Six months ended 30th June,	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	<u>4,212</u>	<u>5,587</u>

7. TAXATION

	Six months ended 30th June,	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Profits tax		
Hong Kong	5,288	3,764
Other jurisdictions	6	413
Over-provision in the previous period	(52)	–
Deferred tax (Note 8)		
– Current period	947	969
– Attributable to change in tax rate	1,652	–
Share of taxation attributable to associates	<u>181</u>	<u>–</u>
	<u>8,022</u>	<u>5,146</u>

Hong Kong Profits Tax is calculated at 17.5% (30/6/2002: 16%) on the estimated assessable profits for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

In March 2003, the Hong Kong Government of Special Administrative Region proposed that the rate for Hong Kong Profits Tax will be increased to 17.5% with effect from the year of assessment 2003/2004, which was passed by the Legislative Council on 25th June, 2003. This increase is taken into account in the preparation of the Group's 2003 interim financial report.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2003**

8. DEFERRED TAXATION

The following is the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior reporting period:

	Six months ended 30th June, 2003				Six months ended 30th June, 2002			
	Accelerated tax depreciation	Accrued expenses	Tax loss	Total	Accelerated tax depreciation	Accrued expenses	Tax loss	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January								
- as previously reported	5,396	-	-	5,396	3,241	-	-	3,241
- adjustment on adoption of SSAP 12 (Revised)	13,239	(200)	(1,149)	11,890	13,487	(331)	(1,049)	12,107
- as restated	18,635	(200)	(1,149)	17,286	16,728	(331)	(1,049)	15,348
Charge (Credit) to the income statement for the period (Note 7)	549	200	198	947	954	65	(50)	969
Effect of change in tax rate - charge (credit) to the income statement for the period (Note 7)	1,747	-	(95)	1,652	-	-	-	-
At 30th June	<u>20,931</u>	<u>-</u>	<u>(1,046)</u>	<u>19,885</u>	<u>17,682</u>	<u>(266)</u>	<u>(1,099)</u>	<u>16,317</u>

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset in accordance with the conditions set out in SSAP 12 (Revised). The following is the analysis of the deferred tax balances for financial reporting purpose:

	At 30/6/2003 HK\$'000	At 31/12/2002 HK\$'000
Deferred tax asset	(824)	(750)
Deferred tax liability	20,709	18,036
	<u>19,885</u>	<u>17,286</u>

At 30th June, 2003, the Group has unused tax losses of HK\$60 million (31/12/2002: HK\$45 million) available for offset against future assessable profits. Deferred tax asset has been recognised in respect of HK\$6 million (31/12/2002: HK\$7 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$54 million (31/12/2002: HK\$38 million) due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2003**

9. DIVIDENDS

	Six months ended 30th June,	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed interim dividends	4,669	4,669
Proposed special interim dividends	–	933,844
	<hr/>	<hr/>
Total dividends provided	<u>4,669</u>	<u>938,513</u>

The directors have resolved to pay an interim dividend of HK\$0.01 (2002: interim dividend of HK\$0.01 and special interim dividend of HK\$2.00) per share. The aforementioned interim dividend will be paid on Thursday, 30th October, 2003 to the shareholders on the Register of Members on Friday, 24th October, 2003.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's net profit for the period of HK\$18,522,000 (2002: HK\$26,065,000) and the weighted average number of ordinary shares for the purposes of basic earnings per share of 466,921,794 (2002: 466,921,794).

11. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
At valuation	
At 1st January, 2003	12,880
Disposals	(2,650)
	<hr/>
At 30th June, 2003	<u>10,230</u>

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

At 30th June, 2003, the directors have considered the carrying amount of the Group's investment properties carried at revalued amounts and have estimated that the carrying amounts do not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2003**

12. PROPERTY, PLANT AND EQUIPMENT

During the period/year, the Group spent approximately HK\$51,035,000 (year ended 31/12/2002: HK\$126,008,000) on additions to property, plant and equipment.

13. INTANGIBLE ASSET

	Land use right <i>HK\$'000</i>
Cost	
Acquired during the period and at 30th June, 2003	2,034
Amortisation	
Charge for the period and at 30th June, 2003	(20)
Net book value at 30th June, 2003	<u><u>2,014</u></u>

The amount represented the right to use the land in the People's Republic of China for a period of 50 years. The amortisation is provided to write off the cost on a straight-line method over the terms of the lease.

14. AMOUNT DUE FROM A RELATED COMPANY

The amount was due from Eastern Pacific Circuits (HK) Limited ("EPCL") in which Mr. Wong Chung Ah, Johnny was a director. It was unsecured, interest free and had no fixed terms of repayment. As Mr. Wong Chung Ah, Johnny resigned as director of EPCL on 3rd May, 2003, EPCL is no longer a related company of the Group. The outstanding amount is included in trade and other receivables at 30th June, 2003.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2003**

15. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	At 30/6/2003	At 31/12/2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
0 – 60 days	373,806	295,324
61– 90 days	9,911	3,313
Over 90 days	9,748	2,756
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	393,465	301,393
Other receivables	45,061	32,539
	<hr/>	<hr/>
	438,526	333,932
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16. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	At 30/6/2003	At 31/12/2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
0 – 60 days	426,537	348,284
61– 90 days	2,068	1,490
Over 90 days	66,035	74,613
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	494,640	424,387
Other payables	42,847	84,834
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	537,487	509,221
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17. BORROWINGS

During the period, the Group obtained new bank loans of HK\$88 million. The loans bear interest at market rates and are repayable within 2 years. The proceeds were used to finance its operations.

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of HK\$0.01 per share (2002: interim dividend of HK\$0.01 and special interim dividend of HK\$2.00). The afore-mentioned interim dividend will be paid on Thursday, 30th October, 2003 to the shareholders on the Register of Members on Friday, 24th October, 2003.

The Register of Members will be closed from Monday, 20th October, 2003 to Friday, 24th October, 2003, both days inclusive, during which period no further transfer of shares will be effected. To qualify for the above dividend, all transfers accompanied by the relevant certificates must be lodged with the Company's registrars, Standard Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 17th October, 2003.

REVIEW OF BUSINESS ACTIVITIES

The Group's turnover grew by about 42% compared to the first half of 2002 due to a substantial increase in turnover of the Electronic Manufacturing Service Division (the "EMS Division"). Profit from operations, however, fell by 16% mainly because of a decrease in interest income of approximately HK\$15,375,000, and the losses incurred by the EMS Division's new factory in Suzhou, China ("WTSZ").

The turnover of the EMS Division increased by about 37% compared to the first half of last year. Profit from operations, nevertheless, only increased by about 27% due to the falling selling prices of products and the losses incurred by WTSZ of about HK\$6.6 million. During the period under review, the Division continued its efforts to reduce operating expenses, and to enhance efficiency and productivity in order to improve its profit margin.

As planned, WTSZ commenced commercial production and started to deliver products to customers in the first quarter of the year. WTSZ is strategically located in the Yangtze River Delta, and near a number of major customers of the Group. Several customers have already expressed interests in placing orders with WTSZ. In August 2003, WTSZ passed the certification audit for ISO9001. Since the second quarter of the year, the business volume of WTSZ has continued to increase and the Directors are optimistic that WTSZ can achieve break-even for the second half of the year.

Market conditions for broadband modems remained difficult and competition from suppliers in Taiwan and China was especially severe. For the period under review, the revenue from the sales of broadband modems amounted to about HK\$43 million. Due to deteriorating sales margins and provisions made against obsolete inventories and sales returns, the loss from operations was enlarged compared to the first half of 2002.

REVIEW OF BUSINESS ACTIVITIES – Continued

During the period under review, a new division was established to undertake the development and marketing of wireless communication products including mobile phones. The new division targets to have the first delivery of mobile phones made to its customers in December 2003.

After reviewing the rental yield of the unsold units in the Mid-levels property project and the current market conditions, the Directors have decided not to make any additional provision against its two property development projects.

FINANCE

After the payment of the 2002 special final dividend, the Group's bank borrowings have exceeded its bank deposits. As at 30th June, 2003, the Group's had net bank borrowings of HK\$279 million (2002: net cash of HK\$1.17 billion), representing 46.6% of its shareholders' equity. The Directors are comfortable with this level of gearing.

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Group since 31st December, 2002.

EMPLOYEES

As at 30th June, 2003, the Group employed approximately 3,900 employees, out of which approximately 2,600 are production workers. In addition to the provision of annual bonuses, medical and life insurances and in-house and external training programs, discretionary bonuses and share options are also available to employees based on their performance. The remuneration policy and packages of the Group are reviewed from time to time.

PROSPECTS

The Directors are optimistic about the business prospects of the EMS Division in the second half of 2003. As to WTSZ, the Directors are optimistic that it can achieve break-even for the second half of the year and expect that WTSZ will become an important source of growth for the Group from 2004 onwards.

As to ODM businesses, the market for broadband modems is expected to remain difficult and mobile communication products are not expected to make any significant contribution to the Group's results until 2004.

On behalf of the Directors, I would like to thank our customers, suppliers and business partners for their continued confidence in and support for the Group. I would also like to thank our employees for their loyal, diligent and professional services to the Group.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30th June, 2003, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in shares of the Company

Name of Directors	Capacity	Number of ordinary shares	Percentage interests
Wong Chung Mat, Benedict	Beneficial owner and founder of discretionary trust (Note 1)	76,278,699	16.34%
Wong Chung Yin, Michael	Beneficial owner and founder of discretionary trust (Note 2)	30,793,960	6.60%
Wong Chung Ah, Johnny	Beneficial owner, interest of child or spouse and founder of discretionary trust (Note 3)	40,693,487	8.72%
Chan Tsze Wah, Gabriel	Beneficial owner	2,337,500	0.50%
Chan Wing Kwong, Paulus	Beneficial owner	1,800,000	0.39%
Tan Chang On, Lawrence	Beneficial owner	10,000	0.00%

Notes:

- Mr. Wong Chung Mat, Benedict was deemed (by virtue of the SFO) to be interested in 76,278,699 shares in the Company. These shares were held in the following capacity:
 - 1,000,000 shares were held by Mr. Wong Chung Mat, Benedict personally.
 - 75,278,699 shares were held by Salop Investment Limited (which was in turn wholly owned by Batsford Limited) for a discretionary trust, of which Mr. Wong Chung Mat, Benedict was regarded as the founder (by virtue of the SFO). The references to 75,278,699 shares deemed to be interested by Mr. Wong Chung Mat, Benedict (as disclosed herein), Salop Investment Limited (as disclosed in the section headed “Interests of substantial shareholders”) and Batsford Limited (as disclosed in Note 3(a) under the section headed “Interests of substantial shareholders”) relate to the same block of shares.
- Mr. Wong Chung Yin, Michael was deemed (by virtue of the SFO) to be interested in 30,793,960 shares in the Company. These shares were held in the following capacity:
 - 300,000 shares were held by Mr. Wong Chung Yin, Michael personally.
 - 800,000 shares were held by Levy Investment Limited (which was in turn wholly owned by Batsford Limited) for a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO). The references to 800,000 shares deemed to be interested by Mr. Wong Chung Yin, Michael (as disclosed herein) and Batsford Limited (as disclosed in Note 3(b) under the section headed “Interests of substantial shareholders”) relate to the same block of shares.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

Long positions in shares of the Company – Continued

- (c) 17,584,960 shares were held by Levy Pacific Limited for a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO).
- (d) 12,109,000 shares were held for The Pacific Way Unit Trust, of which Guardian Trustee Limited was regarded as the beneficiary (by virtue of the SFO). Mr. Wong Chung Yin, Michael was regarded as the founder of the discretionary trust (by virtue of the SFO) in relation to the same block of shares. The references to 12,109,000 shares deemed to be interested by Mr. Wong Chung Yin, Michael (as disclosed herein) and Guardian Trustee Limited (as disclosed in Note 5(a) under the section headed “Interests of substantial shareholders”) relate to the same block of shares.
3. Mr. Wong Chung Ah, Johnny was deemed (by virtue of the SFO) to be interested in 40,693,487 shares in the Company. These shares were held in the following capacity:
- (a) 1,000,000 shares were held by Mr. Wong Chung Ah, Johnny personally.
- (b) 1,235,000 shares were held by Ms. Luk Kit Ching, wife of Mr. Wong Chung Ah, Johnny.
- (c) 38,458,487 shares were held by Kong King International Limited for a discretionary trust, of which Mr. Wong Chung Ah, Johnny was regarded as the founder (by virtue of the SFO). Kong King International Limited was wholly owned by Mountainview International Limited, which in turn was wholly owned by Bermuda Trust (Cook Islands) Limited. The references to 38,458,487 shares deemed to be interested by Mr. Wong Chung Ah, Johnny (as disclosed herein), and Kong King International Limited, Mountainview International Limited and Bermuda Trust (Cook Islands) Limited (as disclosed in the section headed “Interests of substantial shareholders”) relate to the same block of shares.

Long positions in shares of associated corporations of the Company

Name of Director	Associated corporation	Capacity	Number of ordinary shares	Percentage interests
Wong Chung Ah, Johnny	Wong’s Properties Limited	Interest of controlled corporations (Note)	2	50%

Note: Mr. Wong Chung Ah, Johnny was deemed (by virtue of the SFO) to be interested in 2 shares in Wong’s Properties Limited. These shares were held by Blessea Investment Limited, which was 50% owned by Glorious Glow Limited, which in turn was wholly owned by Mr. Wong Chung Ah, Johnny.

Certain Directors held qualifying shares in certain subsidiaries of the Group on trust for the Company or other subsidiaries of the Group.

Save as disclosed herein, as at 30th June, 2003, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30th June, 2003, persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name of substantial shareholders	Capacity	Number of ordinary shares	Percentage interests
W. S. Wong & Sons Company Limited	Beneficial owner and interest of controlled corporations (Note 1)	195,338,803	41.84%
Salop Investment Limited	Beneficial owner (Note 2)	75,278,699	16.12%
Batsford Limited	Trustee (Note 3)	271,417,502	58.13%
Kong King International Limited	Beneficial owner (Note 4)	38,458,487	8.24%
Mountainview International Limited	Trustee (Note 4)	38,458,487	8.24%
Bermuda Trust (Cook Islands) Limited	Trustee (Note 4)	38,458,487	8.24%
Guardian Trustee Limited	Beneficiary of trust (Note 5)	23,466,150	5.03%

Notes:

1. W. S. Wong & Sons Company Limited was a company controlled by the Wong family and was deemed (by virtue of the SFO) to be interested in 195,338,803 shares in the Company. These shares were held in the following capacity:
 - (a) 191,830,837 shares were held by W. S. Wong & Sons Company Limited.
 - (b) 110,000 shares were held by Good Blend Limited, which was wholly owned by W. S. Wong & Sons Company Limited.
 - (c) 3,397,966 shares were held by Micro-Age Superstore Limited, which was wholly owned by W. S. Wong & Sons Company Limited.

Each of Levy Investment Limited and Salop Investment Limited owned 19% of W. S. Wong & Sons Company Limited, and was in turn wholly owned by Batsford Limited. Accordingly, W. S. Wong & Sons Company Limited was regarded as a controlled corporation of Batsford Limited (by virtue of the SFO). The references to 195,338,803 shares deemed to be interested by W. S. Wong & Sons Company Limited (as disclosed herein) and Batsford Limited (as disclosed in Note 3(c) below) relate to the same block of shares.

2. Please see Note 1(b) under the section headed "Interests of Directors and chief executives".

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Long positions in shares of the Company – Continued

3. Batsford Limited was deemed (by virtue of the SFO) to be interested in 271,417,502 shares in the Company. These shares were held in the following capacity:
 - (a) 75,278,699 shares were held by Salop Investment Limited (which was in turn wholly owned by Batsford Limited) for a discretionary trust, of which Mr. Wong Chung Mat, Benedict was regarded as the founder (by virtue of the SFO). Please see Note 1(b) under the section headed “Interests of Directors and chief executives”.
 - (b) 800,000 shares were held by Levy Investment Limited (which was in turn wholly owned by Batsford Limited) for a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO). Please see Note 2(b) under the section headed “Interests of Directors and chief executives”.
 - (c) 195,338,803 shares were deemed to be interested by W. S. Wong & Sons Company Limited, which was regarded as a controlled corporation of Batsford Limited (by virtue of the SFO). Please see Note 1 above.
4. 38,458,487 shares were held by Kong King International Limited for a discretionary trust, of which Mr. Wong Chung Ah, Johnny was regarded as the founder (by virtue of the SFO). Kong King International Limited was wholly owned by Mountainview International Limited, which in turn was wholly owned by Bermuda Trust (Cook Islands) Limited. Please see Note 3(c) under the section headed “Interests of Directors and chief executives”.
5. Guardian Trustee Limited was deemed (by virtue of the SFO) to be interested in 23,466,150 shares in the Company. These shares were held in the following capacity:
 - (a) 12,109,000 shares were held for The Pacific Way Unit Trust, of which Guardian Trustee Limited was regarded as the beneficiary (by virtue of the SFO). Mr. Wong Chung Yin, Michael was regarded as the founder of the discretionary trust (by virtue of the SFO) in relation to the same block of shares. Please see Note 2(d) under the section headed “Interests of Directors and chief executives”.
 - (b) 11,357,150 shares were held for The Floral Unit Trust, of which Guardian Trustee Limited was regarded as the beneficiary (by virtue of the SFO).

Save as disclosed, the Directors are not aware of any other persons who, as at 30th June, 2003, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTIONS

There were no outstanding options at the beginning and at the end of the period.

No options were granted, exercised, cancelled or lapsed during the six months ended 30th June, 2003.

During the six months ended 30th June, 2003, none of the Directors or chief executives of the Company or any of their spouses or children under the age of 18 (i) were granted any rights or options to subscribe for shares of the Company or (ii) had exercised any such right.

SHARE OPTIONS – Continued

At no time during the six months ended 30th June, 2003 was the Company, its subsidiaries or its associated corporations a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates to acquire benefits by an acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th June, 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June, 2003, in compliance with Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that Non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th June, 2003.

WONG CHUNG MAT, BENEDICT
Chairman

Hong Kong, 18th September, 2003