



Notes:

**1. Principal accounting policies**

The quarterly financial statements for the three months ended 31st July 2003 comply with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants, and the same principal accounting policies and methods of computation are followed as compared with the most recent published annual financial statements for the year ended 30th April 2003, except that the Group has adopted SSAP 12 (revised) “Income taxes” issued by the Hong Kong Society of Accountants for the first time in the current period.

In prior years, deferred tax was recognised in respect of the taxation effect arising from material timing differences to the extent that a liability or an asset is expected to be payable or receivable in the foreseeable future. Under SSAP 12 (revised), a balance sheet liability method is adopted whereby deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts. Provision for withholding tax that will arise on the remittance of retained profits is only made where there is a current intention to remit such profits. Deferred tax assets relating to unused tax losses are recognised to the extent that the future utilisation is probable. The new accounting policy has been adopted retrospectively. As a result, the property revaluation reserve as at 30th April 2003 is reduced by HK\$3,308,000 (2002: HK\$3,300,000) and the retained profits as at 30th April 2003 are increased by HK\$413,000 (2002: HK\$406,000). The loss attributable to shareholders for the year ended 30th April 2003 is reduced by HK\$7,000.

**2. Segment information**

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) the design, development, manufacture and sale of a wide range of coils, capacitors and other electronic components, which are generally used in the manufacture of various kinds of electronic and electrical products; and (ii) the provision of information technology services.

Analysis of turnover and operating profit/(loss) by business segment is as follows:

	Turnover		Operating profit/(loss)	
	Three months ended		Three months ended	
	31st July		31st July	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Coils manufacturing	97,191	92,171	10,269	8,466
Capacitors manufacturing	2,659	8,803	(888)	549
Electronic components trading	8,600	14,390	386	(231)
Information technology services	1,843	–	(391)	–
	110,293	115,364	9,376	8,784

Analysis of turnover and operating profit/(loss) by geographical segment is as follows:

	Turnover		Operating profit/(loss)	
	Three months ended		Three months ended	
	31st July		31st July	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	70,770	81,541	5,745	4,235
Mainland China	13,202	8,427	2,412	2,876
Taiwan	9,515	13,929	(255)	899
Europe	6,345	4,659	553	336
Singapore	6,680	5,040	945	990
Others	3,781	1,768	(24)	(552)
	110,293	115,364	9,376	8,784



### 3. Operating profit

Operating profit is stated after crediting and charging the following:

	Three months ended 31st July	
	2003	2002
	HK\$'000	HK\$'000
<b>Crediting</b>		
Unrealised gain on investment	149	–
<b>Charging</b>		
Depreciation of fixed assets	12,087	14,492
Amortisation of distribution right	–	267
Cost of inventories sold	80,339	88,632
Staff costs (including directors' emoluments)	26,470	24,375

### 4. Taxation

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the period. Subsidiaries of the Company in Mainland China are subject to Mainland China enterprise income tax ranging from 12% to 33% (2002: 15% to 33%) on their taxable income determined according to Mainland China tax laws. Other overseas taxation has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

The amount of taxation charged to the consolidated income statement represents:

	Three months ended 31st July	
	2003	2002
	HK\$'000	HK\$'000
Hong Kong profits tax		
– current tax	–	442
– over-provision in prior years	(18)	–
Mainland China enterprise income tax		
– current tax	62	297
Deferred taxation	245	–
	289	739
Shares of taxation attributable to:		
– associates	–	–
– jointly controlled entities	–	–
	289	739

### 5. Dividends

The Directors resolved not to declare any interim dividend in respect of the three months ended 31st July 2003 (2002: Nil).



#### 6. Earnings per share

The calculation of basic earnings per share for the three months ended 31st July 2003 is based on the profit attributable to shareholders of approximately HK\$4,595,000 (2002: HK\$3,199,000) and the weighted average number of 693,028,811 (2002: 681,202,724) shares in issue during the period.

Diluted earnings per share is not presented as the outstanding share options and warrants during the three months ended 31st July 2002 and 31st July 2003 were anti-dilutive.

#### 7. Fixed assets

During the three months ended 31st July 2003, the additions to fixed assets were approximately HK\$8,107,000 (three months ended 31st July 2002: HK\$6,334,000).

#### 8. Trade receivables

The aging analysis of trade receivables is as follows:

	As at 31st July 2003 HK\$'000	As at 30th April 2003 HK\$'000
Current	45,309	52,393
Overdue by 0 – 1 month	6,363	9,472
Overdue by 1 – 2 months	8,554	3,879
Overdue by 2 – 3 months	4,264	5,923
Overdue by more than 3 months	10,831	8,922
	<hr/> 75,321	<hr/> 80,589
Less: Provision for bad and doubtful debts	(3,064)	(2,909)
	<hr/> 72,257	<hr/> 77,680

Management of the Group performs ongoing credit and collectibility evaluations of each customer. Provisions for potential credit losses are maintained and such losses in aggregate have not exceeded management's estimates. The Group offers an average credit period ranging from one to three months to its trade customers who have good payment records and well-established relationships with the Group.



**9. Trade payables**

The aging analysis of trade payables is as follows:

	As at 31st July 2003 HK\$'000	As at 30th April 2003 HK\$'000
Current	34,690	29,248
Overdue by 0 – 1 month	6,172	9,565
Overdue by 1 – 2 months	2,261	4,840
Overdue by 2 – 3 months	741	2,656
Overdue by more than 3 months	3,843	5,567
	47,707	51,876

**10. Share capital**

Movements in share capital are as follows:

	Three months ended 31st July 2003		Year ended 30th April 2003	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
Authorised shares of HK\$0.10 each				
Beginning and end of period/year	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid shares of HK\$0.10 each				
Beginning of period/year	693,028,811	69,303	661,028,811	66,103
Issue of new shares	–	–	32,000,000	3,200
End of period/year	693,028,811	69,303	693,028,811	69,303

**11. Share options**

Under the share option scheme adopted by the Company on 26th October 1999 (the “Old Scheme”), the Directors may grant options to any employees or executives of the Company or any of its subsidiaries, including executive directors (but excluding independent non-executive directors of the Company) of the Company or any of its subsidiaries, to subscribe for shares in the Company. On 26th September 2002, a new share option scheme (the “New Scheme”) was adopted by the Company and the Old Scheme was terminated. No further options can be offered under the Old Scheme. However, all other respects of the provisions of the Old Scheme shall remain in full force and holders of all options granted under the Old Scheme prior to such termination shall be entitled to exercise the outstanding options pursuant to the terms of the Old Scheme until the expiry of the said options.

The purpose of the New Scheme is to provide any full-time employees of the Company or any of its subsidiaries (including executive directors) and non-executive directors of the Company or any of its subsidiaries (including independent non-executive directors of the Company) with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.



Movements in options granted under the Old Scheme during the three months ended 31st July 2003 are as follows:

Name	Subscription price per share	Beginning of period	Number of shares under options		End of period
			Exercised during the period	Lapsed during the period	
(i) Directors					
Mr. Lam Wai Chun	HK\$1.02*	3,527,194	-	-	3,527,194
Mr. Saito Misao (resigned on 30th June 2003)	HK\$1.02*	3,527,194	-	(3,527,194)	-
Ms. Tang Fung Kwan	HK\$1.02*	3,527,194	-	-	3,527,194
Mr. Law Hoo Shan	HK\$0.75**	1,680,000	-	-	1,680,000
Mr. Ho Kwok Keung (resigned on 14th August 2003)	HK\$0.75**	780,000	-	-	780,000
(ii) Employees	HK\$1.02*	3,527,194	-	-	3,527,194
	HK\$0.75**	31,200,000	-	-	31,200,000
		47,768,776	-	(3,527,194)	44,241,582

\* Such share options were granted on 21st September 2000. The options are exercisable subject to: (a) up to one quarter of the options are exercisable from 22nd September 2002 to 21st September 2003, both dates inclusive, with vesting period commencing from 21st September 2000 to 21st September 2002; (b) up to three-eighths of the options are exercisable from 22nd September 2003 to 21st June 2004, both dates inclusive, with vesting period commencing from 21st September 2000 to 21st September 2003; and (c) up to three-eighths of the options are exercisable from 22nd June 2004 to 21st January 2005, both dates inclusive, with vesting period commencing from 21st September 2000 to 21st June 2004. Any options not exercised during each of the exercisable periods will lapse automatically after they cease to be exercisable.

\*\* Such share options were granted on 1st November 2000. The options are exercisable subject to: (a) up to one quarter of the options are exercisable from 1st November 2002 to 31st October 2003, both dates inclusive, with vesting period commencing from 1st November 2000 to 31st October 2002; (b) up to three-eighths of the options are exercisable from 1st November 2003 to 31st July 2004, both dates inclusive, with vesting period commencing from 1st November 2000 to 31st October 2003; and (c) up to three-eighths of the options are exercisable from 1st August 2004 to 28th February 2005, both dates inclusive, with vesting period commencing from 1st November 2000 to 31st July 2004. Any options not exercised during each of the exercisable periods will lapse automatically after they cease to be exercisable.

During the three months ended 31st July 2003, no option has been granted under the New Scheme.



**12. Warrants**

As at 31st July 2003, the Company had outstanding warrants of 300,800,000 units (as at 30th April 2003: 300,800,000 units), exercisable at any time from 3rd July 2000 to 30th September 2003, both dates inclusive. These warrants carrying subscription rights of HK\$1.475 for every 10 units of warrants entitle the holders thereof to subscribe in cash for 90,546,938 new shares in the Company at an adjusted subscription price of HK\$0.49 per new share (subject to adjustment). During the three months ended 31st July 2003, no new share has been issued as a result of the exercise of the subscription rights attaching to the warrants.

**13. Reserves**

Movements in reserves are as follows:

	Share premium HK\$'000	Capital reserve HK\$'000	Subscription right reserve HK\$'000	Property revaluation reserve HK\$'000	Mainland China statutory reserve HK\$'000	Cumulative translation adjustments HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1st May 2002								
– as previously reported	29,561	13,934	17,214	21,066	–	(138)	146,266	227,903
– effect of adopting SSAP 12 (revised)	–	–	–	(3,300)	–	–	406	(2,894)
– as restated	29,561	13,934	17,214	17,766	–	(138)	146,672	225,009
Premium arising from issue of new shares	6,560	–	–	–	–	–	–	6,560
Share issue expense	(3)	–	–	–	–	–	–	(3)
Provision for deferred taxation	–	–	–	(8)	–	–	–	(8)
Loss attributable to shareholders	–	–	–	–	–	–	(4,940)	(4,940)
Transfer from retained profits to Mainland China statutory reserve	–	–	–	–	137	–	(137)	–
Translation adjustments	–	–	–	–	–	1,443	–	1,443
As at 30th April 2003	36,118	13,934	17,214	17,758	137	1,305	141,595	228,061
As at 1st May 2003								
– as previously reported	36,118	13,934	17,214	21,066	137	1,305	141,182	230,956
– effect of adopting SSAP 12 (revised)	–	–	–	(3,308)	–	–	413	(2,895)
– as restated	36,118	13,934	17,214	17,758	137	1,305	141,595	228,061
Profit attributable to shareholders	–	–	–	–	–	–	4,595	4,595
Translation adjustments	–	–	–	–	–	439	–	439
As at 31st July 2003	36,118	13,934	17,214	17,758	137	1,744	146,190	233,095



**14. Contingent liabilities**

Contingent liabilities not provided for in the financial statements are:

	As at 31st July 2003 HK\$'000	As at 30th April 2003 HK\$'000
.....		
Factoring of trade receivables with recourse	29,922	25,286

**15. Comparative figures**

Certain comparative figures have been reclassified to conform to the current period's presentation.