

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

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

The condensed financial statements have been prepared under the historical cost convention, as modified for revaluation of investment properties.

2. Principal accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2003, except for the adoption of the SSAP 12 (Revised) Income Taxes.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. 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 bases used in the computation of taxable profit, with limited exceptions. In the absence of any special transitional requirement in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly. As a result of this change in policy, the opening balance on accumulated profits at 1 April 2003 has been decreased by HK\$25,912,000 (1 April 2002: HK\$23,261,000). The net profit for the six months ended 30 September 2003 has been decreased by HK\$3,111,000 (six months ended 30 September 2002: HK\$1,326,000).

簡明財務報表附註

1. 編製基準

簡明財務報表乃根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄16之適用披露規定及香港會計師公會頒佈會計實務準則(「會計實務準則」)第25號「中期財務報告」所編製。

簡明財務報表乃根據歷史成本慣例，並就重估投資物業作出修訂。

2. 主要會計政策

所採用之會計政策與本集團編製截至二零零三年三月三十一日止年度之綜合財務報表所採用者一致，惟採用會計實務準則第12號(經修訂)「所得稅」除外。

會計實務準則第12號(經修訂)之主要影響與遞延稅項有關。於過往年度，乃使用收益表負債法就遞延稅項作出部份撥備，即除預期於可見將來不會撥回之時差外，就所產生之時差確認負債。會計實務準則第12號(經修訂)規定採納資產負債表負債法，據此，除有限之例外情況外，財務報表內之資產及負債之賬面值與計算應課稅溢利所採用之相應稅基兩者之臨時差額，均須確認作遞延稅項。由於會計實務準則第12號(經修訂)並無任何特定過渡規定，此項新會計政策已被追溯應用。二零零二年之比較數字已相應重列。由於此項會計政策之變動，於二零零三年四月一日之期初累計溢利減少25,912,000港元(二零零二年四月一日：23,261,000港元)。截至二零零三年九月三十日止六個月之純利減少3,111,000港元(截至二零零二年九月三十日止六個月：1,326,000港元)。

3. Segment information

(a) Geographical segment

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods manufactured or services rendered:

		Turnover		Segment results	
		Six months ended		Six months ended	
		30 September		30 September	
		營業額		分類業績	
		截至九月三十日止六個月		截至九月三十日止六個月	
		2003	2002	2003	2002
		二零零三年	二零零二年	二零零三年	二零零二年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
America	美洲	996,971	1,121,816	93,830	102,631
Europe	歐洲	389,854	313,154	34,078	24,190
Asia	亞洲	156,435	198,829	3,065	7,862
Others	其他	109,109	87,955	7,189	5,999
		1,652,369	1,721,754	138,162	140,682
Interest income	利息收入			993	1,000
Rental income	租金收入			1,049	630
Unallocated corporate expenses	未分配之開支			(6,861)	(4,320)
Profit from operations	經營溢利			133,343	137,992
Finance costs	融資成本			(2,105)	(3,382)
Share of results of an associate	應佔一聯營公司業績			547	243
Profit before taxation	除稅前溢利			131,785	134,853
Taxation	稅項			(11,149)	(10,879)
Net profit for the period	期內純利			120,636	123,974

All the Group's assets and capital expenditure incurred during the period are located in the People's Republic of China (the "PRC"), which is considered as one geographical location in an economic environment with similar risks and return. Consequently, no geographical segment asset analysis is presented.

3. 分類資料

(a) 地區分類

下表乃按市場之地區對本集團之銷售額作出分析，與產品之生產或服務提供之地域無關：

本集團期內所產生之所有資產及資本開支均發生於中國，乃列作其風險及回報之經濟環境相似之同一個地區，所以並無呈列任何地區分類資產之分析。

3. Segment information (Continued)

(b) Business segment

As more than 90% of the Group's turnover, segment results and assets are attributable to the manufacture and sales of electronic products (the "EMS division"), and the sales of motorcycle parts (the "Motorcycle division") was discontinued during the period, the business segment information is not presented. Details of the disposal of the Motorcycle division was set out in note 12.

4. Profit (loss) from operations

3. 分類資料 (續)

(b) 業務分類

由於本集團超過90%之營業額、分類業績及資產乃源自製造及銷售電子產品(「EMS部門」)，而期內已終止銷售電單車部件之業務(「電單車部門」)，因此業務分類資料並不列示。有關出售電單車業務之詳情已載於附註12。

4. 經營溢利(虧損)

		Six months ended 30 September 截至九月三十日止六個月	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Profit (loss) from operations	經營溢利(虧損)		
is stated after charging	乃扣除(計入)		
(crediting) the following:	下列項目後得出：		
Depreciation and amortisation of property, plant and equipment	物業、機器及設備之折舊及攤銷	28,073	26,617
Amortisation of deferred development expenditure	遞延發展開支之攤銷	5,529	1,684
Loss on disposal of property, plant and equipment	出售物業、機器及設備之虧損	351	1,280
Interest income	利息收入	(993)	(1,000)

5. Taxation

5. 稅項

		Six months ended 30 September 截至九月三十日止六個月	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
The taxation charges comprise:	稅項支出包括：		
Current Tax:	現行稅項：		
Hong Kong	香港		
Provided for the period	期內撥備	7,989	9,514
Overprovision in a prior year	於過往年度超額撥備	(18)	-
		7,971	9,514
Deferred tax:	遞延稅項：		
Current period	本期間	675	1,326
Attributable to change in tax rate in Hong Kong	因香港稅率變動 所產生	2,436	-
		3,111	1,326
Taxation attributable to the Company and its subsidiaries	本公司及其附屬公司 屬下稅項	11,082	10,840
Share of taxation attributable to an associate	應佔一間聯營公司 稅項	67	39
		11,149	10,879

Notes:

- (a) Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the six months ended 30 September 2003.
- (b) The Group is currently appealing against assessments raised by the Hong Kong Inland Revenue Department (the "IRD") regarding the taxability of certain profits for the years of assessment 1991/92 to 1995/96. The IRD has determined that some profits of the Group in those periods should be Hong Kong sourced and hence taxable.

附註：

- (a) 香港利得稅乃根據截至二零零三年九月三十日止六個月之估計應課稅溢利按稅率17.5% (二零零二年：16%)作出撥備。
- (b) 本集團現時與香港稅務局(「稅務局」)就一九九一年／九二年至一九九五年／九六年課稅年度之若干溢利應否繳付稅項而產生訴訟。稅務局認為本集團於該等期間之若干溢利乃源於香港，因此應繳付稅項。

5. Taxation (Continued)

Notes: (Continued)

The Group lodged an appeal against the IRD's decision. The appeal has not yet been concluded at the balance sheet date.

Based on the IRD's determination for 1991/92 to 1995/96, the IRD further issued assessments for the years of assessment 1996/97 to 2000/01, and the Group raised the objection regarding the taxability of certain profits.

Pending the outcome of the case, the Group provided for the potential tax liabilities and the tax provision in the Group's balance sheet as at 30 September 2003 was made in accordance with the IRD's determination. Based on the legal counsel's advice, the directors of the Company considered that there was no material under-provision of tax liabilities as at 30 September 2003.

6. Dividends

5. 稅項 (續)

附註：(續)

本集團就稅務局之決定提出上訴，該上訴於結算日尚未審結。

根據稅務局就一九九一年／九二年至一九九五年／九六年課稅年度所決定之稅項，稅務局進一步就一九九六年／九七年至二零零零年／零一年課稅年度發出課稅通知書，而本集團已就若干溢利應否繳付稅項而提出抗辯。

於等待聆訊結果期間，本集團已就潛在稅項作出撥備，而本集團於二零零三年九月三十日之資產負債表所呈列之稅項撥備乃根據稅務局所決定之稅項作出。根據法律顧問之意見，本公司董事認為於二零零三年九月三十日並無任何重大撥備不足之稅項負債。

6. 股息

Six months ended

30 September

截至九月三十日止六個月

		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Special, approved, of HK8 cents (2002: Nil) per share (Note)	已批准派發特別股息每股股份8港仙 (二零零二年：零) (附註)	63,417	-
Interim, proposed, of HK7 cents (2002: HK6 cents) per share	擬派中期股息每股股份7港仙 (二零零二年：6港仙)	55,490	47,563
		118,907	47,563

Note: On 5 September 2003, the Directors approved the payment of a special dividend by utilizing the sales proceeds of HK\$63,892,000 from the disposal of subsidiaries.

附註：於二零零三年九月五日，董事已批准使用從出售附屬公司所獲得之款項63,892,000港元以派發特別股息。

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

7. 每股盈利

每股基本及攤薄盈利乃按下列數據計算：

		Six months ended 30 September 截至九月三十日止六個月	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Earnings	盈利		
Earnings for the purposes of basic and diluted earnings per share (net profit for the period)	就計算每股基本及攤薄盈利之盈利 (期內純利)	120,636	123,974
Number of shares	股份數目		
Weighted average number of shares for the purpose of basic earnings per share	就計算每股基本盈利之加權平均股數	792,716,684	792,716,684
Effect of dilutive share options	具攤薄影響購股權之影響	819,688	-
Weighted average number of shares for the purpose of diluted earnings per share	就計算每股攤薄盈利之加權平均股數	793,536,372	792,716,684

8. Property, plant and equipment

During the period, the Group spent approximately HK\$41 million on the construction of its new industrial estate located in Qingyuan, the PRC, and HK\$37 million on plant and machinery, in order to upgrade its manufacturing capabilities.

8. 物業、廠房及設備

期內，本集團於建設位於中國東莞之新工業村方面撥用約41,000,000港元及於機器及設備方面撥用37,000,000港元，以提升其生產力。

9. Trade and other receivables and prepayments

Included in trade and other receivables and prepayments are trade receivables of approximately HK\$234,837,000 (31 March 2003: HK\$163,579,000) and their aging analysis is as follows:

		As at 30 September 2003 於二零零三年 九月三十日 HK\$'000 千港元	As at 31 March 2003 於二零零三年 三月三十一日 HK\$'000 千港元
Current – 30 days	即期-30日	233,257	159,922
31 – 60 days	31-60日	1,580	3,657
		234,837	163,579

Customers are generally granted credit terms of letter of credit at sight to 30 days. Longer credit periods are granted to several customers which have long business relationship with the Group and strong financial position.

10. Trade and other payables

Included in trade and other payables are trade payables of approximately HK\$372,512,000 (31 March 2003: HK\$223,252,000) are trade payables and their aging analysis is as follows:

		As at 30 September 2003 於二零零三年 九月三十日 HK\$'000 千港元	As at 31 March 2003 於二零零三年 三月三十一日 HK\$'000 千港元
Current – 30 days	即期-30日	356,789	210,744
31 – 60 days	31-60日	4,148	6,397
61 – 90 days	61-90日	3,329	334
Over 90 days	90日以上	8,246	5,777
		372,512	223,252

9. 貿易及其他應收賬款及預付款項

計入貿易及其他應收賬款及預付款項之應收貿易賬款約234,837,000港元(二零零三年三月三十一日: 163,579,000港元), 彼等之賬齡分析如下:

本集團一般給予貿易客戶記賬之信貸期由即期信用狀至30日。若干客戶因與本集團已建立長遠業務關係及本身之財政狀況穩健, 故本集團給予較長之信貸期。

10. 貿易及其他應付賬款

計入貿易及其他應付賬款之貿易應付賬款約372,512,000港元(二零零三年三月三十一日: 223,252,000港元), 彼等之賬齡分析如下:

11. Share capital

		Number of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股		
Authorised:	法定：		
At 1 April 2003 and 30 September 2003	於二零零三年四月一日及 二零零三年九月三十日	1,200,000	120,000
Issued and fully paid:	已發行及繳足股款：		
At 1 April 2003 and 30 September 2003	於二零零三年四月一日及 二零零三年九月三十日	792,717	79,272

11. 股本

12. Disposal of subsidiaries

Discontinued business

During the period, the Group disposed of the entire issued share capital of Hangerton Group Limited which, together with its subsidiaries, carried out the business of the Motorcycle division, and the related shareholder's loan to City Harvest Limited for a consideration of HK\$63,892,000 payable in cash. The transaction constituted a connected transaction as set out in note 15(b).

The results of the Motorcycle division for the period from 1 April 2003 to 30 June 2003, which have been included in the Group's results for the period, were as follows:

12. 出售附屬公司

已終止經營業務

期內，本集團已出售Hangerton Group Limited及其附屬公司（從事電單車業務）之全部股本以及相關之股東貸款予City Harvest Limited，作價為現金63,892,000港元。誠如附註15(b)所述，有關交易構成一項關連交易。

電單車業務自二零零三年四月一日起至二零零三年六月三十日止期間之業績載列如下，並已載入本集團於該期間之業績內：

		For the 3 months ended 30 June 2003 截至 二零零三年 六月三十日 止三個月 HK\$'000 千港元	For the 6 months ended 30 September 2002 截至 二零零二年 九月三十日 止六個月 HK\$'000 千港元
Turnover	營業額	27,604	100,112
Operating costs, net	經營成本，淨額	(35,959)	(99,510)
Finance costs	融資成本	(3)	(223)
Net (loss) profit for the period	期內（虧損）溢利淨額	(8,358)	379

12. Disposal of subsidiaries (Continued)**Discontinued business (Continued)**

The effect of the disposal of the Motorcycle division is summarised as follows:

		HK\$'000
		千港元
Net assets disposed of	出售資產淨值	57,080
Exchange reserve realised	已確認之匯兌儲備	822
Non-distributable reserve realised	已確認之不可分派儲備	451
		58,353
Repayment of shareholder's loan	償還股東貸款	6,812
Expenses incurred in relation to the disposal	出售所產生之開支	(1,340)
Loss on disposal	出售之虧損	67
		63,892
Satisfied by:	支付方式：	
Cash	現金	63,892
Analysis of the net cash inflow arising from the disposal of subsidiaries:	有關出售附屬公司所產生之現金流入淨額分析如下：	
Cash consideration	現金代價	63,892
Repayment of shareholder's loan	償還股東貸款	(6,812)
Bank and cash balances disposed of	出售之銀行及現金結存	(553)
		56,527

A loss of HK\$67,000 arose on the disposal of the Motorcycle division. No tax charge or credit arose from the transaction.

The Motorcycle division did not make any significant contribution to the results or cash flows of the Group during the period.

13. Contingent liabilities

At 30 September 2003, the Group had bills discounted with recourse to banks amounting to approximately HK\$101,028,000 (31 March 2003: HK\$75,242,000).

12. 出售附屬公司(續)**已終止經營業務(續)**

出售電單車業務之影響概述如下：

		HK\$'000
		千港元
Net assets disposed of	出售資產淨值	57,080
Exchange reserve realised	已確認之匯兌儲備	822
Non-distributable reserve realised	已確認之不可分派儲備	451
		58,353
Repayment of shareholder's loan	償還股東貸款	6,812
Expenses incurred in relation to the disposal	出售所產生之開支	(1,340)
Loss on disposal	出售之虧損	67
		63,892
Satisfied by:	支付方式：	
Cash	現金	63,892
Analysis of the net cash inflow arising from the disposal of subsidiaries:	有關出售附屬公司所產生之現金流入淨額分析如下：	
Cash consideration	現金代價	63,892
Repayment of shareholder's loan	償還股東貸款	(6,812)
Bank and cash balances disposed of	出售之銀行及現金結存	(553)
		56,527

出售電單車業務產生虧損67,000港元。有關交易並無產生任何稅項支出或撥回。

電單車業務對本集團於期間之業績或現金流量並無構成重大貢獻。

13. 或然負債

於二零零三年九月三十日，本集團給予銀行具有追索權之貼現票據為數合共約101,028,000港元(二零零三年三月三十一日：75,242,000港元)。

14. Capital commitments

Commitments for the acquisition of property, plant and equipment:

		As at 30 September 2003 於二零零三年 九月三十日 HK\$'000 千港元	As at 31 March 2003 於二零零三年 三月三十一日 HK\$'000 千港元
Contracted for but not provided in the financial statements	已訂約但未於財務報表 作出撥備	41,249	35,039
Authorised but not contracted for	已授權但未訂約	6,739	21,380
		47,988	56,419

15. Related party transactions

During the period, the Group entered into the following significant transactions with related parties:

(a) Rental

		Six months ended 30 September 截至九月三十日止六個月	
		2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元
Rental expenses paid to	向下列公司支付租金		
Man Fat Enterprise Company Limited (Note)	文發企業有限公司 (附註)	270	270
Geming Company Limited (Note)	錦聲有限公司(附註)	216	216

Note: These represent rental expenses arising from the leasing of warehouses, car parks and office space from Man Fat Enterprise Company Limited and Geming Company Limited, companies in which Mr. Lam Man Chan and Ms. Ting Lai Ling, directors of the Company, have beneficial interests.

14. 資本承擔

收購物業、廠房及設備之承擔：

15. 關連人士交易

本集團在期內與有關連人士曾進行以下重大交易：

(a) 租金

附註：此乃向文發企業有限公司及錦聲有限公司租用貨倉、停車場及辦公室所產生之租金支出。本公司董事林文燦先生及丁麗玲女士實益擁有該兩間公司之權益。

15. Related party transactions (Continued)*(b) Disposal of the Motorcycle division*

As set out in Note 12, the consideration of HK\$63,892,000 was arrived at after arm's length negotiation between the Company and City Harvest Limited. City Harvest Limited is ultimately owned as to 50% by Goodchamp Holdings Limited ("Goodchamp") and 50% by Grandlink Holdings Limited ("Grandlink").

Goodchamp, which is ultimately owned by a discretionary trust, is a substantial shareholder of the Company. The family members of Mr. Lam Man Chan and Ms. Ting Lai Ling, directors of the Company, are the discretionary objects of the discretionary trust.

Grandlink, which is ultimately owned by a discretionary trust, is a shareholder of the Company. The family members of Mr. Hui King Chun, a director of the Company, are the beneficiaries of the discretionary trust.

Accordingly, the disposal of the Motorcycle division constituted a connected transaction, details of which were set out in the Company's circular dated 15 August 2003.

15. 關連人士交易 (續)*(b) 出售電單車業務*

誠如附註12所述，代價63,892,000港元乃由本公司及City Harvest Limited經公平磋商後達成。City Harvest Limited分別由Goodchamp Holdings Limited (「Goodchamp」)及Grandlink Holdings Limited (「Grandlink」)最終持有50%權益。

Goodchamp (由一全權信託最終擁有)乃本公司之主要股東。本公司董事林文燦先生及丁麗玲女士之家族成員為該全權信託之全權受益人。

Grandlink (由一全權信託最終擁有)乃本公司之股東。本公司董事許經振先生之家族成員為該全權信託之受益人。

因此，出售電單車業務構成一項關連交易，詳情已載於本公司於二零零三年八月十五日之通函內。