

NOTES TO CONDENSED ACCOUNTS

1. Basis of presentation and accounting policies

These unaudited condensed consolidated interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants.

These condensed interim accounts should be read in conjunction with the annual accounts for the year ended 31st March 2004.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st March 2004.

2. Turnover and segment information

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

An analysis of the Group's turnover and results for the period by business segments and geographical segments is as follows:

(a) *Primary reporting format – business segments:*

	Unaudited - Six months ended 30th September 2004		
	Electronic products HK\$	Printed circuit boards HK\$	Group HK\$
Turnover	<u>52,798,390</u>	<u>282,296,178</u>	<u>335,094,568</u>
Segment results	<u>4,457,386</u>	<u>36,800,024</u>	41,257,410
Unallocated costs			<u>(6,579,844)</u>
Operating profit			34,677,566
Finance costs			<u>(2,597,049)</u>
Profit before taxation			32,080,517
Taxation			<u>(5,782,875)</u>
Profit attributable to shareholders			<u>26,297,642</u>

2. Turnover and segment information (Continued)(a) *Primary reporting format – business segments: (Continued)*

	Unaudited - Six months ended 30th September 2003		
	Electronic products HK\$	Printed circuit boards HK\$	Group HK\$
Turnover	<u>78,555,838</u>	<u>209,097,773</u>	<u>287,653,611</u>
Segment results	<u>33,178</u>	<u>19,610,775</u>	19,643,953
Unallocated costs			<u>(10,755,570)</u>
Operating profit			8,888,383
Finance costs			<u>(2,318,834)</u>
Profit before taxation			6,569,549
Taxation			<u>(1,768,420)</u>
Profit attributable to shareholders			<u>4,801,129</u>

(b) *Secondary reporting format – geographical segments:*

	Unaudited			
	Turnover		Segment results	
	Six months ended 30th September		Six months ended 30th September	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Principal markets:				
Hong Kong and Mainland China	90,924,432	54,252,756	11,194,770	8,210,017
America	69,273,641	69,556,786	8,529,088	(39,303)
South East Asia	51,731,909	67,540,892	6,369,320	5,564,632
Europe	123,164,586	96,303,177	15,164,232	5,908,607
	<u>335,094,568</u>	<u>287,653,611</u>	<u>41,257,410</u>	<u>19,643,953</u>

3. Operating profit

Unaudited
For the six months
ended 30th September

	2004 HK\$	2003 HK\$
Operating profit is stated after crediting and charging the following:		
Crediting		
Gain on disposal of fixed assets	—	447,548
Charging		
Depreciation		
Owned fixed assets	13,291,059	10,705,647
Fixed assets held under finance leases	2,055,285	4,845,150
Cost of inventories sold	230,028,782	216,685,192
Loss on disposal of leasehold land	—	6,046,992
Loss on disposal of fixed assets	78,422	—
Provision for bad debt	6,128,730	—
Provision for impairment loss on leasehold land and building	2,500,000	—
Additional customs duty and import value-added tax on consumable tools	—	2,814,376
	<u> </u>	<u> </u>

4. Staff costs (excluding directors' emoluments)

Unaudited
For the six months
ended 30th September

	2004 HK\$	2003 HK\$
Wages and salaries	22,689,004	25,382,581
Social security costs	729,032	817,957
Pension costs-defined contribution plans	157,636	185,452
	<u> </u>	<u> </u>
	<u>23,575,672</u>	<u>26,385,990</u>

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the period.

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

	Unaudited	
	For the six months	
	ended 30th September	
	2004	2003
	HK\$	HK\$
Current taxation		
Hong Kong profits tax	—	—
Underprovision in prior years	22,321	2,050
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	22,321	2,050
Deferred taxation relating to the origination and reversal of temporary differences		
	5,760,554	1,766,370
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	5,782,875	1,768,420
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6. Dividend

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30th September 2004 (2003: Nil).

7. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$26,297,642 (2003: HK\$4,801,129) and the weighted average number of 47,438,520 (2003: 31,625,680) ordinary shares in issue during the period.

Diluted earnings per share is not shown as there are no potential ordinary shares for the period ended 30th September 2004 and the potential ordinary shares are anti-dilutive for the period ended 30th September 2003.

8. Fixed assets

	Unaudited
	HK\$
Net book amount at 1st April 2004	200,060,093
Additions	81,065,777
Depreciation	(15,346,344)
Disposals	(314,271)
Provision for impairment	(2,500,000)
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Net book amount at 30th September 2004	262,965,255
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9. Trade receivables

Trade receivables are stated net of provisions for bad and doubtful debts. The ageing analysis of trade receivables is as follows:

	Unaudited 30th September	Audited
	2004	31st March
	HK\$	2004
		HK\$
0 – 3 months	156,980,048	136,658,759
4 – 6 months	15,351,131	15,926,474
over 6 months	3,115,690	2,296,650
	<u>175,446,869</u>	<u>154,881,883</u>

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

10. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited 30th September	Audited
	2004	31st March
	HK\$	2004
		HK\$
0 – 3 months	91,735,696	87,456,519
4 – 6 months	9,810,127	14,014,691
over 6 months	3,801,765	2,089,466
	<u>105,347,588</u>	<u>103,560,676</u>

11. Long term liabilities

	Unaudited 30th September	Audited
	2004	31st March
	HK\$	2004
		HK\$
Secured bank loans	27,392,747	4,169,065
Obligation under finance leases	51,089,252	23,704,969
	78,481,999	27,874,034
Current portion of long-term liabilities	(29,693,858)	(15,510,887)
	<u>48,788,141</u>	<u>12,363,147</u>

11. Long term liabilities (Continued)

At 30th September 2004, the Group's bank loans were repayable as follows:

	Bank loans	
	Unaudited 30th September 2004 HK\$	Audited 31st March 2004 HK\$
Within one year	8,136,467	1,551,731
In the second year	7,232,157	999,103
In the third to fifth years	<u>12,024,123</u>	<u>1,618,231</u>
	<u><u>27,392,747</u></u>	<u><u>4,169,065</u></u>

12. Share capital

	Ordinary shares of HK\$0.10 each	
	<i>Na of shares</i>	<i>HK\$</i>
Authorised:		
At 1st April 2003	700,000,000	70,000,000
Consolidation of 20 shares of HK\$0.10 each into 1 share of HK\$2.00 each on 16th September 2003 (note (i))	<u>(665,000,000)</u>	<u>—</u>
	35,000,000	70,000,000
Subdivision of 1 share of HK\$2.00 into 20 shares of HK\$0.10 each on 16th September 2003 (note (i))	<u>665,000,000</u>	<u>—</u>
At 31st March 2004 and 30th September 2004	<u><u>700,000,000</u></u>	<u><u>70,000,000</u></u>
Issued and fully paid:		
At 1st April 2003	632,513,600	63,251,360
Consolidation of 20 shares of HK\$0.10 each into 1 share of HK\$2.00 each on 16th September 2003 (note (i))	<u>(600,887,920)</u>	<u>—</u>
Reduction of par value from HK\$2.00 each to HK\$0.10 each (note (i))	—	(60,088,792)
Issue of new shares of HK\$0.10 each (note (ii))	<u>15,812,840</u>	<u>1,581,284</u>
At 31st March 2004 and 30th September 2004	<u><u>47,438,520</u></u>	<u><u>4,743,852</u></u>

12. Share capital (Continued)

- (i) On 16th September 2003, a capital reorganisation was carried out to consolidate every 20 issued and unissued shares of HK\$0.10 each into one consolidated share of HK\$2.00 each and the paid up capital of the issued consolidated shares was reduced from HK\$2.00 each to HK\$0.10 each by cancelling the paid up capital to the extent of HK\$1.90 on each issued consolidated share. Each of the authorised consolidated shares is subdivided into 20 shares of HK\$0.10 each.

The capital reduction and consolidation of shares gave rise to a total credit of HK\$60,088,792, of which HK\$44,147,840 was applied against the accumulated losses of HK\$44,147,840 of the Company as at 31st March 2003 and the remaining balance of HK\$15,940,952 was credited to the contributed surplus.

- (ii) On 3rd February 2004, an open offer of 15,812,840 shares was made to the existing shareholders on the basis of one offer share for every two shares held by the shareholders at a subscription price of HK\$0.80 per offer share. The open offer was completed on 10th March 2004. The new shares rank pari passu in all respects with the existing issued shares of the Company.

13. Commitments

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

	Unaudited 30th September 2004 HK\$	Audited 31st March 2004 HK\$
Contracted but not provided for	<u>15,398,608</u>	<u>83,087,839</u>

- (b) *Capital commitments in relation to capital injection to subsidiaries*

	Unaudited 30th September 2004 HK\$	Audited 31st March 2004 HK\$
Contracted but not provided for	<u>41,690,026</u>	<u>106,229,101</u>

On behalf of the Board
Yip Sum Yin
Chairman