

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation and accounting policies

These unaudited condensed consolidated first quarterly financial statements (the “Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants. The Financial Statements should be read in conjunction with the annual financial statements for the year ended 30 April 2006.

The accounting policies used in the preparation of the Financial Statements are consistent with those used in the annual financial statements for the year ended 30 April 2006 with the addition of certain new standards or amendments of Hong Kong Financial Reporting Standards (“HKFRS”) issued and became effective during the period ended 31 July 2006. The adoption of such standards or amendments has no significant effect on the Group’s results.

The Group has not early adopted any new/revised HKFRSs, HKASs and interpretations which have been issued on or before 31 July 2006 but are not effective for the financial year ended 30 April 2007. The Group is in the process of assessing their impact on the Group’s results and operations.

### 2. Segment information

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

	Turnover		Profit/(loss) before taxation	
	Three months ended		Three months ended	
	31 July		31 July	
	2006	2005	2006	2005
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Electronic components manufacturing	172,464	144,842	8,789	8,739
Others	300	371	(241)	325
	<b>172,764</b>	<b>145,213</b>	<b>8,548</b>	<b>9,064</b>

### 3. Operating profit

Operating profit is stated after crediting and charging the following:

	Three months ended 31 July	
	2006	2005
	HK\$’000	HK\$’000
<b>Crediting</b>		
Income from available-for-sale financial assets	–	1,305
Interest income	379	146
<b>Charging</b>		
Amortisation	152	79
Depreciation	16,731	16,699
Cost of inventories sold	137,992	113,317
Staff costs (including directors’ emoluments)	40,719	30,687

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****4. Finance costs**

	Three months ended 31 July	
	2006	2005
	HK\$'000	HK\$'000
Interest expenses	4,103	4,866
Amortisation of deferred borrowing costs	342	176
	4,445	5,042

**5. Taxation**

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. 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 condensed consolidated income statement represents:

	Three months ended 31 July	
	2006	2005
	HK\$'000	HK\$'000
Hong Kong profits tax		
– current tax	934	2,107
Overseas taxation		
– current tax	1,239	848
Deferred taxation	(466)	(470)
	1,707	2,485

**6. Dividend**

The Board resolved not to declare any dividend in respect of the three months ended 31 July 2006 (2005: Nil).

**7. Earnings per share**

The calculation of basic earnings per share for the three months ended 31 July 2006 is based on the profit attributable to equity holders of the Company of approximately HK\$6,841,000 (2005: HK\$6,579,000) and 716,610,798 (2005: 693,028,811) shares in issue during the period.

No information in respect of diluted earnings per share is presented as there was no dilutive potential share during the three months ended 31 July 2005 and 31 July 2006 respectively.

**8. Movements in capital expenditure**

During the three months ended 31 July 2006, the additions to capital expenditure were approximately HK\$18,510,000 (2005: HK\$16,463,000); the total net book value of disposals and write-offs of capital expenditure were approximately HK\$321,000 (2005: HK\$148,000).

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### 9. Bills and accounts receivables

The aging analysis of bills and accounts receivables, net of impairment losses, is as follows:

	As at 31 July 2006 HK\$'000	As at 30 April 2006 HK\$'000
Current	142,883	134,827
Overdue by 0 – 1 month	20,045	20,197
Overdue by 1 – 2 months	9,224	3,305
Overdue by 2 – 3 months	1,621	4,293
	<b>173,773</b>	<b>162,622</b>

Management of the Group performs ongoing credit and collectibility evaluations of each customer. The Group offers an average credit period ranging from one to three months to its customers who have good payment records and well-established relationships with the Group.

### 10. Share capital

Movements in share capital are as follows:

	Three months ended 31 July 2006		Year ended 30 April 2006	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
Shares of HK\$0.10 each Authorised:				
Beginning and end of period/year	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid:				
Beginning of period/year	716,610,798	71,661	693,028,811	69,303
Issue of new shares (Note)	–	–	23,581,987	2,358
End of period/year	<b>716,610,798</b>	<b>71,661</b>	<b>716,610,798</b>	<b>71,661</b>

Note:

On 24 October 2005, 23,581,987 new shares were allotted and issued at HK\$0.143 per new share, credited as fully paid, to certain shareholders of the Company whose names appeared on the Company's register of members on 23 September 2005 and who elected to receive new fully paid shares in lieu of cash in respect of part or all of the final dividend of HK0.7 cent per share for the year ended 30 April 2005 pursuant to the scrip dividend scheme.

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### 11. Borrowings

During the period, the Group repaid long-term bank borrowings amounting to approximately HK\$23,270,000. The Group did not have any new long-term bank borrowings during the period.

### 12. Bills and accounts payables

The aging analysis of bills and accounts payables is as follows:

	As at 31 July 2006 HK\$'000	As at 30 April 2006 HK\$'000
Current	55,362	48,142
Overdue by 0 – 1 month	1,240	4,945
Overdue by 1 – 2 months	1,636	446
Overdue by 2 – 3 months	278	838
Overdue by more than 3 months	389	371
	58,905	54,742

### 13. Share options scheme

On 26 September 2002, a new share option scheme (the “Scheme”) was adopted by the Company. The purpose of the Scheme is to provide any full-time employees (including executive directors) of the Company or any of its subsidiaries 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.

During the three months ended 31 July 2006, no option was granted under the Scheme (2005: Nil).

### 14. Capital commitments

	As at 31 July 2006 HK\$'000	As at 30 April 2006 HK\$'000
Contracted but not provided for		
– construction of a production plant in Zhongshan, Mainland China	1,500	1,500
– purchase of properties in Hong Kong	–	5,668
– purchase of other fixed assets	4,223	6,749
	5,723	13,917