

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation and accounting policies

The Directors are responsible for the preparation of the Group's unaudited condensed consolidated interim financial statements. The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2006.

The following new standards, amendments to standards and interpretations which are relevant to the Group's operations are mandatory for the year ending 31 March 2007.

- Amendment to HKAS 19, "Actuarial gains and losses, group plans and disclosures"
- Amendment to HKAS 21, "Net investment in a foreign operation"
- Amendment to HKAS 39, "Cash flow hedge accounting of forecast intragroup transactions"
- Amendment to HKAS 39, "The fair value option"
- Amendment to HKAS 39 and HKFRS4, "Financial guarantee contracts"
- HK(IFRIC)-Int 4, "Determining whether an arrangement contains a lease"

The adoption of new/revised HKAS 19 (Amendment), 21 (Amendment), 39 (Amendment), HKFRS 4 (Amendment) and HK(IFRIC)-Int 4 did not result in substantial changes to the Group's accounting policies.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006/07 and have not been early adopted.

- Amendment to HKAS 1, "Capital disclosures", effective for annual periods beginning on or after 1 January 2007
- HKFRS 7, "Financial instruments: Disclosures", effective for annual periods beginning on or after 1 January 2007
- HK(IFRIC)-Int 8, "Scope of HKFRS 2", effective for annual periods beginning on or after 1 May 2006
- HK(IFRIC)-Int 9, "Reassessment of embedded derivatives", effective for annual periods beginning on or after 1 June 2006
- HK(IFRIC)-Int 10, "Interim financial reporting and impairment", effective for annual periods beginning on or after 1 November 2006

## 2. Segmental Information

The principal activities of the Group are the sale and manufacture of consumer electronic products and components and home appliances products.

The following tables present unaudited revenue for the Group's geographical segments and business segments for the six months ended 30 September.

### Geographical segments

	Americas		Europe		Asia Pacific countries		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<b>966,581</b>	541,233	<b>343,470</b>	470,873	<b>268,371</b>	220,510	<b>1,578,422</b>	1,232,616

### Business segments

	Electronic products and components		Home appliance products		Corporate		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<b>1,447,678</b>	1,114,252	<b>130,744</b>	118,364	–	–	<b>1,578,422</b>	1,232,616
Other revenue	<b>2,485</b>	2,227	<b>607</b>	933	–	–	<b>3,092</b>	3,160
Total	<b>1,450,163</b>	1,116,479	<b>131,351</b>	119,297	–	–	<b>1,581,514</b>	1,235,776
Segment results	<b>31,532</b>	26,479	<b>(374)</b>	1,708	<b>(1)</b>	(3)	<b>31,157</b>	28,184
Interest income and unallocated income							<b>7,857</b>	1,939
Unallocated expenses							<b>(35)</b>	(1,945)
Finance costs							<b>(17,005)</b>	(10,225)
Profit before tax							<b>21,974</b>	17,953
Tax							<b>(431)</b>	(947)
Net profit for the Period attributable to equity holders of the Company							<b>21,543</b>	17,006

3. Profit before Tax

	<b>For the six months ended 30 September</b>	
	<b>2006</b>	2005
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of trademarks	<b>131</b>	125
Amortisation of research and development costs	<b>3,495</b>	2,127
Depreciation	<b>32,760</b>	37,372
Interest on borrowings	<b>17,005</b>	10,225
	<b>_____</b>	<b>_____</b>
Gain on disposal of other investments	<b>(2,916)</b>	(307)
Unrealised holding (gains)/losses on other investments	<b>(2,112)</b>	1,721
Interest income	<b>(388)</b>	(155)
	<b>_____</b>	<b>_____</b>

4. Tax

Hong Kong profits tax has been provided at the applicable rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the Period. Taxes on profits assessable in the People's Republic of China ("PRC") have been provided at the rates of tax prevailing in the PRC based on existing legislations, interpretations and practices in respect thereof.

5. Earnings per share

The calculation of basic earnings per share for the Period is based on the net profit for the Period attributable to equity holders of the Company of HK\$21,543,000 (2005: HK\$17,006,000) and the weighted average of 952,889,962 shares (2005: 952,889,962 shares) in issue during the Period.

There is no diluted earnings per share for the Period since the Company has no dilutive potential ordinary share.

**6. Accounts and other receivables**

Included in accounts and other receivables are accounts receivables of HK\$402,877,000 (31 March 2006: HK\$277,427,000), the aging analysis of which is as follows:

	<b>30 September 2006 Unaudited HK\$'000</b>	31 March 2006 Audited HK\$'000
0 – 30 days	<b>293,254</b>	140,346
31 – 60 days	<b>86,379</b>	36,343
61 – 90 days	<b>18,619</b>	23,814
Over 90 days	<b>4,625</b>	76,924
	<b><u>402,877</u></b>	<u>277,427</u>

The Group's sales are on terms of L/C at sight and the others on 60 days to 120 days open account basis.

**7. Accounts and other payables**

Included in accounts and other payables are accounts payables of HK\$586,768,000 (31 March 2006: HK\$441,887,000), the aging analysis of which is as follows:

	<b>30 September 2006 Unaudited HK\$'000</b>	31 March 2006 Audited HK\$'000
0 – 30 days	<b>179,220</b>	164,073
31 – 60 days	<b>158,152</b>	117,403
61 – 90 days	<b>124,935</b>	42,881
Over 90 days	<b>124,461</b>	117,530
	<b><u>586,768</u></b>	<u>441,887</u>

The majority of the Group's purchases are on 90 days to 120 days open account basis.

8. Share capital

	<b>30 September 2006 Unaudited HK\$'000</b>	31 March 2006 Audited HK\$'000
<i>Authorised:</i>		
1,200,000,000 ordinary shares of HK\$0.10 each	<b>120,000</b>	120,000
<i>Issued and fully paid:</i>		
952,889,962 (31 March 2006: 952,889,962) ordinary shares of HK\$0.10 each	<b>95,289</b>	95,289

9. Reserves

	<b>Share premium HK\$'000</b>	<b>Contributed surplus HK\$'000</b>	<b>Exchange fluctuation reserve HK\$'000</b>	<b>Asset revaluation reserve HK\$'000</b>	<b>Retained profits HK\$'000</b>	<b>Total HK\$'000</b>
Balance at 1 April 2006	59,098	280	(5,240)	91,613	257,497	403,248
Exchange difference on translation of overseas subsidiaries' financial statements	–	–	182	–	–	182
Net profit for the Period	–	–	–	–	21,543	21,543
<b>Balance at 30 September 2006</b>	<b>59,098</b>	<b>280</b>	<b>(5,058)</b>	<b>91,613</b>	<b>279,040</b>	<b>424,973</b>

**10. Contingent liabilities**

Contingent liabilities in respect of bills discounted with recourse at 30 September 2006 was HK\$1,223,000 (31 March 2006: Nil).

**11. Commitments**

(a) Capital commitments in respect of fixed assets

	<b>30 September 2006 Unaudited HK\$'000</b>	31 March 2006 Audited HK\$'000
Contracted for but not provided in the financial statements	<b>2,156</b>	4,005
Authorised but not contracted for	—	—
	<b><u>2,156</u></b>	<b><u>4,005</u></b>

(b) Commitments to buy and sell foreign currencies amounted to HK\$439,949,000 and HK\$85,800,000 respectively (31 March 2006: HK\$526,496,000 and Nil respectively).

**12. Related party transactions**

The Group did not sell audio and video products and related components during the Period (2005: HK\$7,158,000) to Pioneer Ventures Limited ("PVL"), a wholly-owned subsidiary of EganaGoldpfeil (Holdings) Ltd, which is a substantial shareholder of the Company.

The sales to PVL were made according to the published prices and conditions offered to the other major customers of the Group.