

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These unaudited condensed consolidated interim financial statements (the “Interim 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 Interim 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 Interim 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 October 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, amendments and interpretations which have been issued on or before 31 October 2006 but are not effective for the financial year ending 30 April 2007. The Group is in the process of assessing their impact on the Group’s results and operations.

2. Segment information

(a) Primary segments

	Six months ended 31 October 2006			Six months ended 31 October 2005		
	Electronic components		Total	Electronic components		Total
	manufacturing	Others		manufacturing	Others	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales	351,189	2,119	353,308	300,532	1,987	302,519
Inter-segment sales	-	(1,390)	(1,390)	-	(1,247)	(1,247)
External sales	351,189	729	351,918	300,532	740	301,272
Operating profit	26,547	186	26,733	27,722	559	28,281
Finance costs			(9,749)			(9,635)
Profit before taxation			16,984			18,646
Taxation			(2,974)			(4,840)
Profit attributable to equity holders of the Company			14,010			13,806
Capital expenditures	32,255	-	32,255	25,440	5,708	31,148
Depreciation	33,253	20	33,273	33,237	21	33,258
Amortisation	308	-	308	158	-	158

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Segment information (continued)

(a) Primary segments (continued)

	Electronic components manufacturing		Others		Total	
	As at 31/10/2006	As at 30/4/2006	As at 31/10/2006	As at 30/4/2006	As at 31/10/2006	As at 30/4/2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other information						
Segment assets	738,876	707,490	11,635	14,124	750,511	721,614
Unallocated assets					21	53
Total assets					750,532	721,667
Segment liabilities	376,830	356,690	887	1,020	377,717	357,710
Unallocated liabilities					18,256	22,981
Total liabilities					395,973	380,691

(b) Secondary segments

	Sales Six months ended 31 October		Capital expenditures Six months ended 31 October		Total assets	
	2006	2005	2006	2005	As at 31/10/2006	As at 30/4/2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	117,587	118,735	8,907	6,071	120,388	118,700
Mainland China	157,875	114,828	22,634	25,077	571,934	541,691
Taiwan	24,404	21,111	714	–	22,310	24,136
Europe	13,375	13,306	–	–	3,893	4,093
Singapore	20,840	15,505	–	–	25,730	26,332
Others	17,837	17,787	–	–	6,277	6,715
	351,918	301,272	32,255	31,148	750,532	721,667

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Other gains, net

	Three months ended 31 October		Six months ended 31 October	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Interest income	406	141	785	287
Dividend income	-	34	-	1,339
	406	175	785	1,626

4. Expenses by nature

	Three months ended 31 October		Six months ended 31 October	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Amortisation of prepaid operating lease payment	156	79	308	158
Depreciation of property, plant and equipment	16,542	16,559	33,273	33,258
(Reversal of)/provision for impairment of receivables	(731)	180	(1,897)	520
Cost of inventories sold	142,581	120,326	280,573	233,643
Employee benefit expense (including directors' emoluments)	42,101	35,743	82,820	66,430

5. Finance costs

	Three months ended 31 October		Six months ended 31 October	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Interest expense	5,000	3,969	9,103	8,835
Amortisation of deferred borrowing costs	304	624	646	800
	5,304	4,593	9,749	9,635

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. Taxation

The Company is incorporated in Bermuda and 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. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax ranging from 7.5% to 33% (2005: 7.5% 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 condensed consolidated income statement represents:

	Three months ended 31 October		Six months ended 31 October	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Hong Kong profits tax – current tax	1,106	2,521	2,040	4,628
Overseas taxation – current tax	1,082	1,111	2,321	1,959
Deferred taxation	(921)	(1,277)	(1,387)	(1,747)
	1,267	2,355	2,974	4,840

7. Dividend

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

8. Earnings per share

The calculation of basic earnings per share for the three months ended 31 October 2006 is based on the profit attributable to equity holders of the Company of approximately HK\$7,169,000 (2005: HK\$7,227,000) and the weighted average number of 716,610,798 (2005: 695,079,419) shares in issue during the period.

The calculation of basic earnings per share for the six months ended 31 October 2006 is based on the profit attributable to equity holders of the Company of approximately HK\$14,010,000 (2005: HK\$13,806,000) and the weighted average number of 716,610,798 (2005: 694,054,115) 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 and six months ended 31 October 2005 and 31 October 2006 respectively.

9. Movements in capital expenditure

During the six months ended 31 October 2006, the additions to capital expenditures were approximately HK\$32,255,000 which included property, plant and equipment of HK\$28,494,000 and leasehold land and land use rights of HK\$3,761,000 while the additions to capital expenditure during the six months ended 31 October 2005 were approximately HK\$31,148,000 which included property, plant and equipment of HK\$25,543,000 and investment properties of HK\$5,605,000. The total net book value of disposals and write-offs of property, plant and equipment were approximately HK\$93,000 (2005: HK\$1,052,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. Bills and account receivables

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

	As at 31 October 2006 HK\$'000	As at 30 April 2006 HK\$'000
Current	144,797	134,827
Overdue by 0 – 1 month	20,028	20,197
Overdue by 1 – 2 months	12,286	3,305
Overdue by 2 – 3 months	3,561	4,293
	180,672	162,622

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.

11. Share capital

Movements in share capital are as follows:

	Six months ended 31 October 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	716,610,798	71,661	716,610,798	71,661

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. Borrowings

During the period, the Group repaid long-term bank borrowings in the amount of HK\$47,728,000 by means of raising short-term bank borrowings. The Group did not have any new long-term bank borrowings during the period.

The carrying amounts of borrowings approximate their fair values.

13. Bills and account payables

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

	As at 31 October 2006 HK\$'000	As at 30 April 2006 HK\$'000
Current	58,643	48,142
Overdue by 0 – 1 month	4,383	4,945
Overdue by 1 – 2 months	1,114	446
Overdue by 2 – 3 months	296	838
Overdue by more than 3 months	426	371
	64,862	54,742

14. 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 six months ended 31 October 2006, no option was granted under the Scheme (2005: Nil).

15. Capital commitments

	As at 31 October 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 land and buildings in Hong Kong and Mainland China	5,452	5,668
– purchase of other fixed assets	3,092	6,749
	10,044	13,917

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. Related party transaction

Key management compensation

	Six months ended 31 October	
	2006	2005
	HK\$'000	HK\$'000
.....		
Wages and salaries	2,339	2,062
Pension costs – defined contribution plans	182	157
	<hr/>	<hr/>
	2,521	2,219