

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These unaudited condensed consolidated third 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 January 2007. 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 January 2007 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

	Nine months ended 31 January 2007			Nine months ended 31 January 2006		
	Electronic components	Others	Total	Electronic components	Others	Total
	manufacturing HK\$'000	HK\$'000	HK\$'000	manufacturing HK\$'000	HK\$'000	HK\$'000
Sales	528,265	3,302	531,567	451,911	2,647	454,558
Inter-segment sales	–	(2,040)	(2,040)	–	(1,610)	(1,610)
External sales	528,265	1,262	529,527	451,911	1,037	452,948
Operating profit	35,134	1,441	36,575	38,856	797	39,653
Finance costs			(14,729)			(14,316)
Profit before taxation			21,846			25,337
Taxation			(3,532)			(6,940)
Profit for the period			18,314			18,397
Capital expenditures	44,162	300	44,462	48,257	3,428	51,685
Depreciation	50,165	69	50,234	49,893	87	49,980
Amortisation	487	–	487	269	–	269

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Segment information (continued)

(a) Primary segments (continued)

	Electronic components manufacturing		Others		Total	
	As at 31/1/2007	As at 30/4/2006	As at 31/1/2007	As at 30/4/2006	As at 31/1/2007	As at 30/4/2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other information						
Segment assets	715,098	707,490	10,511	14,124	725,609	721,614
Unallocated assets					21	53
Total assets					725,630	721,667
Segment liabilities	341,487	356,690	652	1,020	342,139	357,710
Unallocated liabilities					17,244	22,981
Total liabilities					359,383	380,691

(b) Secondary segments

	Sales Nine months ended 31 January		Capital expenditures Nine months ended 31 January		Total assets	
	2007	2006	2007	2006	As at 31/1/2007	As at 30/4/2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	173,902	169,950	12,661	9,377	116,837	118,700
Mainland China	241,697	180,961	31,050	42,279	549,244	541,691
Taiwan	37,257	32,175	716	29	26,975	24,136
Europe	17,777	17,713	–	–	3,495	4,093
Singapore	31,402	24,581	–	–	23,586	26,332
Others	27,492	27,568	35	–	5,493	6,715
Total	529,527	452,948	44,462	51,685	725,630	721,667

3. Other gains, net

	Three months ended 31 January		Nine months ended 31 January	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Interest income	360	278	1,145	565
Gain on disposal of investment properties	855	–	855	–
Dividend income	–	–	–	1,339
Total	1,215	278	2,000	1,904

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Expenses by nature

	Three months ended		Nine months ended	
	31 January		31 January	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of leasehold land and land use rights	179	111	487	269
Depreciation of property, plant and equipment	16,961	16,722	50,234	49,980
Cost of inventories sold	142,926	118,599	423,499	352,242
Employee benefit expense (including directors' emoluments)	45,285	37,446	128,105	103,876
Impairment loss on goodwill	300	–	300	–
Provision for slow moving and obsolete inventories	771	–	771	–
(Reversal of)/provision for impairment of receivables	(1,531)	(27)	(3,428)	493

5. Finance costs

	Three months ended		Nine months ended	
	31 January		31 January	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expenses	4,720	4,250	13,823	13,085
Amortisation of deferred borrowing costs	260	431	906	1,231
	4,980	4,681	14,729	14,316

6. Taxation

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2006: 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		Nine months ended	
	31 January		31 January	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax – current tax	(353)	2,288	1,687	6,916
Overseas taxation – current tax	1,469	1,390	3,790	3,349
Deferred taxation	(558)	(1,578)	(1,945)	(3,325)
	558	2,100	3,532	6,940

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Dividend

The Board resolved not to declare any dividend in respect of the nine months ended 31 January 2007 (2006: Nil).

8. Earnings per share

The calculation of basic earnings per share for the three months ended 31 January 2007 is based on the profit attributable to equity holders of the Company of approximately HK\$4,453,000 (2006: HK\$4,591,000) and 716,610,798 (2006: 716,610,798) shares in issue during the period.

The calculation of basic earnings per share for the nine months ended 31 January 2007 is based on the profit attributable to equity holders of the Company of approximately HK\$18,463,000 (2006: HK\$18,397,000) and the weighted average number of 716,610,798 (2006: 701,573,009) 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 nine months ended 31 January 2006 and 31 January 2007 respectively.

9. Movements in property, plant and equipment

During the nine months ended 31 January 2007, the additions to property, plant and equipment were approximately HK\$38,107,000 (2006: HK\$42,465,000). The total net book value of disposals and write-offs of property, plant and equipment were approximately HK\$260,000 (2006: HK\$1,070,000).

10. Bills and account receivables

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

	As at 31 January 2007 HK\$'000	As at 30 April 2006 HK\$'000
Current	147,800	134,827
Overdue by 0 – 1 month	7,483	20,197
Overdue by 1 – 2 months	5,662	3,305
Overdue by 2 – 3 months	2,196	4,293
	163,141	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 four months to its customers who have good payment records and well-established relationships with the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. Share capital

Movements in share capital are as follows:

	Nine months ended 31 January 2007		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.

12. Borrowings

	As at 31 January 2007 HK\$'000	As at 30 April 2006 HK\$'000
Non-current		
Bank borrowings	29,701	86,749
Finance lease liabilities	290	616
	29,991	87,365
Current		
Bank overdrafts	-	3,509
Bank borrowings	241,310	179,569
Finance lease liabilities	429	878
	241,739	183,956
	271,730	271,321

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. Bills and account payables

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

	As at 31 January 2007 HK\$'000	As at 30 April 2006 HK\$'000
Current	42,165	48,142
Overdue by 0 – 1 month	2,782	4,945
Overdue by 1 – 2 months	700	446
Overdue by 2 – 3 months	137	838
Overdue by more than 3 months	196	371
	45,980	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 nine months ended 31 January 2007, no option was granted under the Scheme (2006: Nil).

15. Capital commitments

	As at 31 January 2007 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
– purchase of land and buildings in Hong Kong and Mainland China	1,805	5,668
– purchase of other fixed assets	3,266	6,749
	5,071	13,917

16. Related party transaction

Key management compensation

	Nine months ended 31 January	
	2007 HK\$'000	2006 HK\$'000
Wages and salaries	3,526	3,180
Pension costs – defined contribution plans	262	241
	3,788	3,421