

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with the Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" and the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These Interim Financial Statements should be read in conjunction with the annual report for the year ended 31 March 2004.

2. SEGMENT INFORMATION

The Group principally engages in the marketing and distribution of electronic components and the design, manufacture and original equipment manufacture of electronic products.

An analysis of the Group's turnover and contribution to profit from operating activities for the Group's business segments is as follows:

	Segment turnover		Segment results	
	Six months ended		Six months ended	
	30 September		30 September	
	2004	2003	2004	2003
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By business segments:				
Marketing and distribution	919,288	721,822	14,687	23,978
Design, manufacture and original equipment manufacture	215,325	113,942	15,977	13,811
	<u>1,134,613</u>	<u>835,764</u>	<u>30,664</u>	<u>37,789</u>
Interest income			49	11
Unallocated corporate expenses			(486)	(417)
Unrealised holding loss on a short term investment			(522)	(187)
Gain on partial disposal of a long term listed investment			46,893	—
Profit from operating activities			<u>76,598</u>	<u>37,196</u>

An analysis of the Group's turnover by geographical segment is as follows:

	Segment turnover	
	Six months ended	
	30 September	
	2004	2003
	<i>(unaudited)</i>	<i>(unaudited)</i>
	HK\$'000	HK\$'000
Geographical segments:		
Hong Kong	798,079	663,004
Singapore	144,402	89,104
USA and Canada	107,017	54,143
Korea	42,932	16,531
Japan	31,768	5,058
EU	10,399	7,525
Other locations	16	399
	<u>1,134,613</u>	<u>835,764</u>

3. PROFIT FROM OPERATING ACTIVITIES

Profit from operating activities is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2004	2003
	<i>(unaudited)</i>	<i>(unaudited)</i>
	HK\$'000	HK\$'000
Depreciation	7,799	6,821
Amortisation of intangible assets	978	843
Unrealised holding loss on a short term investment	522	187
Exchange (gains)/losses, net	(121)	333
Interest income	(49)	(11)
	<u>(49)</u>	<u>(11)</u>

4. FINANCE COSTS

	Six months ended	
	30 September	
	2004	2003
	<i>(unaudited)</i>	<i>(unaudited)</i>
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	4,435	4,430
Interest on finance leases	103	152
	<u>4,538</u>	<u>4,582</u>

5. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing laws, interpretations and practices in respect thereof.

	Six months ended	
	30 September	
	2004	2003
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current:		
Hong Kong	3,695	3,714
Elsewhere	4,991	8
Deferred	825	772
	<hr/>	<hr/>
Tax charge for the period	9,511	4,494
	<hr/>	<hr/>

6. INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK 2.8 cents per ordinary share in issue in respect of the six months ended 30 September 2004 (2003: HK 2.5 cents) payable on or before 7 January 2005 to shareholders whose names appear on the register of members of the Company on 30 December 2004.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders of HK\$62,549,000 (2003: HK\$28,120,000) and the weighted average of 405,082,419 (2003: 363,302,749) ordinary shares in issue during the period.

Diluted earnings per share for the six months ended 30 September 2004 have not been disclosed as the share options outstanding during the period had an anti-dilutive effect on the basic earnings per share for the period.

Diluted earnings per share for the six months ended 30 September 2003 is based on the net profit from ordinary activities attributable to shareholders of HK\$28,120,000 and the weighted average number of ordinary shares of 366,551,443, after adjusting for the effects of all dilutive potential shares.

8. INVENTORIES

	30 September 2004 (unaudited) HK\$'000	31 March 2004 (audited) HK\$'000
Raw materials	74,740	56,561
Work in progress	6,199	6,368
Finished goods	167,524	152,635
	248,463	215,564

9. TRADE RECEIVABLES

The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. A credit committee consisting of senior management and the directors of the Group has been established to review and approve large customer credits.

The aged analysis of the accounts receivable as at 30 September 2004, based on the invoice due date and stated net of provision for doubtful debts, is as follows:

	30 September 2004 (unaudited) HK\$'000	31 March 2004 (audited) HK\$'000
Trade receivables:		
Current	199,373	167,064
Less than 30 days	74,571	93,983
31 - 60 days	22,021	16,499
Over 60 days	21,934	18,793
	317,899	296,339

10. TRADE AND OTHER PAYABLES

The aged analysis of the trade payable as at 30 September 2004, based on the invoice due date, is as follows:

	30 September 2004 (unaudited) HK\$'000	31 March 2004 (audited) HK\$'000
Trade payables:		
Current	101,348	85,348
Less than 30 days	28,884	60,323
31 - 60 days	7,300	8,535
Over 60 days	3,157	1,723
	140,689	155,929
Other payables	27,910	59,576
	168,599	215,505

11. SHARE CAPITAL

	Number of shares (unaudited)	Share capital (unaudited) HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 30 September 2004 and 31 March 2004	800,000,000	80,000
Issued and fully paid:		
At 30 September 2004 and 1 April 2004	405,082,419	40,508