

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies adopted are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2004.

### 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*

	United States of America		Europe		Asia Pacific countries		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>510,943</u>	<u>201,356</u>	<u>656,796</u>	<u>583,079</u>	<u>216,332</u>	<u>129,192</u>	<u>1,384,071</u>	<u>913,627</u>

## Business segments

	Electronic products and components		Home appliance products		Corporate		Others		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	1,253,239	824,399	130,832	89,228	-	-	-	-	1,384,071	913,627
Other revenue	8,618	1,978	39	74	-	-	-	-	8,657	2,052
<b>Total</b>	<b>1,261,857</b>	<b>826,377</b>	<b>130,871</b>	<b>89,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,392,728</b>	<b>915,679</b>
Segment results	22,276	32,311	(2,489)	1,239	(3)	(125)	-	-	19,784	33,425
Interest income and unallocated income									1,017	46
Unallocated expenses									(3,076)	(281)
Profit from operating activities									17,725	33,190
Finance costs									(5,242)	(4,632)
Share of loss of an associate									-	(100)
Profit before tax									12,483	28,458
Tax									(618)	(1,645)
Net profit attributable to shareholders									11,865	26,813

### 3. Profit before Tax

	For the six months ended 30 September	
	2004	2003
	Unaudited HK\$'000	Unaudited HK\$'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of trademarks	125	125
Amortisation of research and development costs	2,352	1,754
Depreciation	34,823	30,333
Interest on borrowings	5,242	4,632
Interest income	(19)	(73)

### 4. Tax

Hong Kong profits tax has been provided at the applicable rate of 17.5% (2003: 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 attributable to shareholders of HK\$11,865,000 (2003: HK\$26,813,000) and the weighted average of 635,259,975 shares (2003: 635,259,975 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 receivable of HK\$305,796,000 (31 March 2004: HK\$256,270,000; 30 September 2003: HK\$298,124,000), the aging analysis of which is as follows:

	<b>30 September 2004 Unaudited HK\$'000</b>	<b>31 March 2004 Audited HK\$'000</b>	30 September 2003 Unaudited HK\$'000
0 – 30 days	158,387	212,944	221,895
31 – 60 days	81,873	28,617	25,426
Over 60 days	65,536	14,709	50,803
	<u>305,796</u>	<u>256,270</u>	<u>298,124</u>

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

## 7. Accounts and other payables

Included in accounts and other payables are accounts payable of HK\$737,349,000 (31 March 2004: HK\$448,061,000; 30 September 2003: HK\$403,417,000), the aging analysis of which is as follows:

	<b>30 September 2004 Unaudited HK\$'000</b>	<b>31 March 2004 Audited HK\$'000</b>	30 September 2003 Unaudited HK\$'000
0 – 30 days	369,869	205,743	190,383
31 – 60 days	176,061	134,891	108,784
61 – 90 days	114,993	43,472	62,154
Over 90 days	76,426	63,955	42,096
	<u>737,349</u>	<u>448,061</u>	<u>403,417</u>

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

## 8. Share capital

	30 September 2004 Unaudited HK\$'000	31 March 2004 Audited HK\$'000	30 September 2003 Unaudited HK\$'000
<i>Authorised:</i>			
1,200,000,000 ordinary shares of HK\$0.10 each	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
<i>Issued and fully paid:</i>			
635,259,975 (31 March 2004: 635,259,975) ordinary shares of HK\$0.10 each	<u>63,526</u>	<u>63,526</u>	<u>63,526</u>

## 9. Reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Asset revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 1 April 2004	28,735	280	(6,844)	86,320	221,346	329,837
Exchange difference on translation of overseas subsidiaries' financial statements	-	-	(680)	-	-	(680)
Net profit for the period	-	-	-	-	11,865	11,865
<b>Balance at 30 September 2004</b>	<u>28,735</u>	<u>280</u>	<u>(7,524)</u>	<u>86,320</u>	<u>233,211</u>	<u>341,022</u>

## 10. Contingencies

Contingent liabilities in respect of bills discounted with recourse at 30 September 2004 was HK\$64,507,000 (31 March 2004: HK\$1,079,000; 30 September 2003: HK\$15,698,000).

## 11. Commitments

- (a) Capital commitments in respect of fixed assets

	<b>30 September 2004 Unaudited HK\$'000</b>	<b>31 March 2004 Audited HK\$'000</b>	30 September 2003 Unaudited HK\$'000
Contracted for but not provided in the financial statements	2,033	52,851	7,943
Authorised but not contracted for	—	—	—
	<u>2,033</u>	<u>52,851</u>	<u>7,943</u>

- (b) Commitments to buy and sell foreign currencies amounted to HK\$163,737,000 and Nil respectively (31 March 2004: HK\$46,302,000 and Nil respectively; 30 September 2003: HK\$77,950,000 and HK\$40,738,100 respectively).