



Chan Chuen Chung 陳存忠

PolyU 香港理工大學 | HDMSC | 23



Choy Ching Wah 蔡清華

HKUST 香港科技大學 | B.Eng. 工程學士 | 22



Kwan Wing Cheung 關永祥

CUHK 香港中文大學 | B.Eng. 工程學士 | 24



Leung Wai Kit 梁偉傑

HKUST 香港科技大學 | B.Eng. 工程學士 | 22



Chan Lap Sui 陳立帥

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Fu Suk Yi 傅淑怡

HKU 香港大學 | B.B.A. (A&F) 工商管理學士 | 25



Lai Mei Chi, Sara 賴美芝

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Leung Yiu Kei 梁耀基

PolyU 香港理工大學 | B.A. 文學士 | 25



Chan Sung Yan 陳崇恩

Lakehead University | B.Sc. 理學士 | 27



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Chow Kong Ming 周剛明

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Ho Kwok Ying 何國英

The University of Herefordshire
英國赫特福德大學 | B.Sc. 理學士 | 23



Leung Chin Ching, Leo 梁展程

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Liu Man Wong 廖文煌

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Wong Kong 黃崗

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Wong Tak Kuen 黃德權

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Wong Kwok Lun 黃國倫

University of London 倫敦大學 B.A. 文學士 24



Wu Ka Kui 胡家駒

CUHK 香港中文大學 B.Eng. 工程學士 23



CEC 青訓計劃



FEELINGS FROM THE MEMBERS OF "EXECUTIVE TRAINEE PROGRAM"

青訓計劃成員之感想

Chan Chuen Chung 陳存忠

PolyU 香港理工大學 HDMSC 23

After graduating in Polytechnic University, I joined COILS ELECTRONIC CO., LIMITED. It is my honor to become a part of the company. My main duty is collecting and inspecting TOKO material sample. As such, I quickly learned how to control the material quality and how to keep the high standard of TOKO product. All these practical experience could not be learnt in my previous studies.

理工大學畢業後，我進入了中山高雅線圈製品有限公司。能夠成為公司的一分子，我感到萬分榮幸。我的主要工作是抽檢全部的TOKO材料，因此我很快便認識了控制貨品材料質量的重要，及保持產品的品質。這些都是我在大學書本上學習不到的。

Chan Lap Sui 陳立帥

HKU 香港大學 B.Eng. 工程學士 23

I am twenty-three year old, graduated from the University of Hong Kong in Mechanical Engineering. As a Production Officer in CEC, I have to deal with all the matters related to the workplace. Being one of the members, I found happiness and a sense of belonging due to a perfect harmony between colleagues, chances and challenges given by the Company.

我今年二十三歲，於香港大學畢業，修讀機械工程，之後直接加入高雅線圈製品有限公司。現任陶瓷電容生產部三西車間主管，負責處理與解決一切車間相關事務。在這裡，我很愉快和有一份歸屬感，因為同事融洽相處、公司給予很多發揮和磨練的機會。

Chan Sung Yan 陳崇恩

Lakehead University B.Sc. 理學士 27

My responsibility is to develop the intranet web system for production in CEC. Due to work related, I have a great chance to learn the workflow from different departments. It makes me more thorough understanding of the process of production and inventory. It is a precious experience for my future.

我在高雅線圈是負責開發內聯網的生產系統。由於工作關係，我有機會學習不同部門的流程，使我更透徹了解到有關生產及存貨程序，這是個很好的寶貴經驗。

Chow Kong Ming 周剛明

CUHK 香港中文大學 B.Eng. 工程學士 22

My duty is to assist in developing Module of Human Resource Management.

In the past months, having studied ERP in theoretical and practical way, I realized a system is not only a tool turning paper into virtual one, but also an agent which helps in decision making. I will try my best to build this system!

本人負責協助人事管理模組的開發工作。經在個多月以來，以理論與實踐形式學習ERP的運作，我明白到，系統，不單會把紙張電子化，還會協助作出決定。我會盡力建立這種系統！

Chow Tak Yeung 周德揚

CUHK 香港中文大學 B.Eng. 工程學士 22

China is a place that full of chances and challenges. I feel excited about working with all energetic colleagues during this important time in my life.

上了中山廠接近一個月了，感到的是同事的幹勁，看見的是機會和挑戰！

Choy Ching Wah 蔡清華

HKUST 香港科技大學 B.Eng. 工程學士 22

Beside learning, experiencing life, promoting friendship among colleagues is the most valuable gain in Zhong Shan.

除了工作經驗，生活體驗外，認識到一班知己好友是我在中山的最大得著。

Fu Suk Yi 傅淑怡

HKU 香港大學 B.B.A. (A&F) 工商管理學士 25

I highly appreciate the Company's tremendous support and training provided to employees, which make me eager to face challenges.

自入職以來，公司給予員工的支持及訓練令我更勇於接受工作上的挑戰。

Ho Kai Yip 何啟業

HKU 香港大學 B.Eng. 工程學士 23

Joined CEC group in 2002, focused on sales in Mainland China. China is embracing the opportunities from the policy of "reform & opening up", transforming into modern country in an unparalleled speed. I am very glad to be able to witness this "revolution" in this very moment.

本人於02年加入CEC集團，主要負責國內的營銷業務。中國正迎來百年機遇，迅速與國際接軌，能在此重要時刻接觸國內市場，本人深感榮幸。

Ho Kwok Ying 何國英

The University of Herefordshire
英國赫特福德大學 B.Sc. 理學士 23

Broaden my horizons, enrich my knowledge in China

擴闊中國視野，加深祖國認識

Ho Ying Kit 何英傑

HKUST 香港科技大學 B.Eng. 工程學士 24

Short-term goal: rooting on the ground

Mid-term goal: inherent ability

Long-term goal: great succeed

短期目標：紮穩根基

中期目標：發展潛能

長遠目標：成功在望

Kwan Wing Cheung 關永祥

CUHK 香港中文大學 B.Eng. 工程學士 24

PAST REVIEW: FULL OF CHALLENGE, OBTAINING EXPERIENCE

FUTURE OUTLOOK: CONTINUOUSLY LEARNING, LOOK FOR BREAKTHROUGH

回顧過去：充滿挑戰、吸取經驗

展望將來：不斷學習、尋求突破

Lai Mei Chi, Sara 賴美芝

CityU 香港城市大學 B.B.A. 工商管理學士 22

Fight for opportunities, control my future.

肯定機遇是靠自己爭取，相信未來是自己掌握。

Lee Ka Chun 李嘉俊

HKU 香港大學 B.Eng. 工程學士 23

My name is Lee Ka Chun, Jack. I became a member of R & D Department, CEC International since 15th December. As excellent food, clean apartment and happy working environment are provided by CEC, I integrated into the Company very quickly.

我叫Jack，於2003年12月15日正式成為高雅線圈技術開發部的份子。由於公司提供一流的食宿，加上愉快的工作環境，使我很快便能融入這個大家庭。

Leung Chin Ching, Leo 梁展程**CUHK 香港中文大學 B.Eng. 工程學士 22**

Our Company aims to accept new idea as well as continually improve. Although I have joined for a short period, I can feel the atmosphere of concentrating in the development of workers.

公司自我不斷的增容，敢於接受新思維。令我深深體會到高雅重視人材培訓，敢於接受挑戰的作風。

Leung Kin Keung 梁健強**HKUST 香港科技大學 B.Eng. 工程學士 24**

After entering CEC, I have not only learnt the management and technical skills in a 450-people department, but the most important things are the cooperation and harmony between the workmate, friends and fellow workers.

進入了 CEC，我不但領會到一些關係於一個 450 人的部門之管理及生產技巧，更重要的是認識到一些志同道合的好朋友及忠心耿耿的下屬。

Leung Wai Kit 梁偉傑**HKUST 香港科技大學 B.Eng. 工程學士 22**

CEC provides me the best working & living environment for training, practicing what I have learnt in University and developing the perfect career in production industry.

高雅是一個能提供我發揮，磨練，實淺學校所獲得的知識與技能的理想地方。

Leung Yiu Kei 梁耀基**PolyU 香港理工大學 B.A. 文學士 25**

All around learning, it makes me know CEC completely. Continuing improvement & Value-added, these make CEC towards global.

全方位的學習，令我接觸到公司不同層面，加深我對公司的認識。不斷求變，自我增值，令高雅邁向國際。

Li Chi Cheung 李致祥**HKU 香港大學 B.Eng. 工程學士 24**

We appreciate that CEC provides a good environment on working, learning, living and the new method of training for us. I really gain much from the experience.

感覺最深的是公司提供給我們一個良好的工作，學習及生活環境，更加欣賞公司敢於創新的手法及對人材培養的重視，真是獲益良多。

Liu Man Wong 廖文煌**CUHK 香港中文大學 B.Sc. 理學士 24**

High-flyers meeting at Dong Feng
Aesthetic mood inspiring in Zhong Shan

高手過招會東鳳
雅興盡消在中山

Ng Hoi Yiu 吳海耀**HKU 香港大學 B.Eng. 工程學士 22**

How are you? I am Ng Hoi Yiu, Carson, 22. I studied the Electronic and Communications Engineering at the University of Hong Kong, and graduated this year. From Nov, 2003, I started working at Zhongshan Coils Electronic and was appointed to the post of Production Officer at ShanXi. Although it is a small workplace, it provides a big chance for me to learn more about the arts of production. For a fresh graduate, it was really a great chance for experience.

大家好！我是吳海耀，今年二十二歲，剛從香港大學畢業，修讀電子及通訊工程。從十一月份開始來到中山高雅工作，到任後安排到三西車間擔任主管一職。三西雖然只是一個小車間，但是這裡給我更大的空間了解生產的工藝；這對於剛畢業的、沒有甚麼工作經驗的大學畢業生來說，的確是一個非常合適的琢磨機會。

Wong Kong 黃崗**PolyU 香港理工大學 B.Eng. 工程學士 26**

Working in CEC provides a golden chance for me to learn, to work and to think. I can learn so many things here, I can learn how to manage people, at the same time, I can learn how to manage myself.

中山高雅公司工作提供了黃金機會給我學習，工作和思考。在這裡工作我可以學會怎樣管理車間，也學會怎樣管理自己。

Wong Kwok Lun 黃國倫**University of London 倫敦大學 B.A. 文學士 24**

As a fresh graduate, we are not only looking for a job, but also focus on our career path. I believe that our Company can give chance for every colleague to develop his successful career path.

人生不應只追求一份工作，更重要是發展個人事業。我相信，高雅能成為每一位同事發展成功事業的踏腳石。

Wong Tak Kuen 黃德權**CUHK 香港中文大學 B.Eng. 工程學士 22**

After working a period of time in the Company, I recognize that it is really willing to provide opportunity for staff to develop themselves. I am able to understand what a systematic workflow in factories is, which thanks for the Company.

在公司工作了一段時間，體會到公司願意給員工很多發展機會。我能夠了解到一個有系統的工廠的運作程況，此並非其他一般公司可以提供得到。

Wu Ka Kui 胡家駒**CUHK 香港中文大學 B.Eng. 工程學士 23**

In CEC, I find many opportunities to learn, especially in the area of factory management. Also, the friendly and cooperative atmosphere of CEC helps me a lot to work effectively and happily.

在 CEC 裡工作，我找到很多學習的機會，特別是工廠管理方面。同時，CEC 友善和合作的工作氣氛使我的工作更有效率和愉快。

Yau Leung Hung, Charles 邱良鴻**CityU 香港城市大學 B.Sc. 理學士 22**

It is a precious opportunity for me to follow some important customers of the Company now. In the future, I hope I can make contributions to the Marketing and Sales of the Company.

本人正跟進公司一些重要客戶，這是難得的機遇。將來我希望在營銷方面為公司作出貢獻。

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lam Wai Chun (*Chairman*)
Ms. Tang Fung Kwan
(*Deputy Chairman and Managing Director*)
Mr. Huang Kong (*Deputy Managing Director*)
Mr. Law Hoo Shan
Mr. Chiu Chan, Charles
Mr. Lam Wing Kin, Sunny

Independent Non-executive Directors

Mr. Au Son Yiu
Mr. Lee Wing Kwan, Denis
Mr. Tang Tin Sek

AUDIT COMMITTEE

Mr. Tang Tin Sek (*Chairman*)
Mr. Au Son Yiu
Mr. Lee Wing Kwan, Denis

COMPANY SECRETARY

Ms. Li Lai Sheung *ACIS*

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants

LEGAL ADVISERS

F. Zimmern & Co
Richards Butler
Appleby Spurling & Kempe

PRINCIPAL BANKERS

China Construction Bank
CITIC Ka Wah Bank Limited
Dah Sing Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China
Standard Chartered Bank
The Hongkong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

2nd Floor, Hing Win Factory Building
110 How Ming Street
Kwun Tong, Kowloon
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICES

Bermuda Principal Share Registrar
Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

Hong Kong Branch Share Registrar
Computershare Hong Kong Investor
Services Limited
Rooms 1901-5, 19th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

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<http://www.0759.com>
<http://www.irasia.com/listco/hk/cecint>

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Listed on The Stock Exchange
of Hong Kong Limited
Stock Code: 0759

2003/2004 INTERIM RESULTS

The Board of Directors (the “Directors”) of CEC International Holdings Limited (the “Company”) is pleased to present the unaudited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 31st October 2003 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31st October		Six months ended 31st October	
		2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)	2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)
Turnover	2	125,257	132,595	235,550	247,959
Cost of sales		(96,031)	(100,871)	(177,087)	(189,503)
Gross profit		29,226	31,724	58,463	58,456
Selling and distribution expenses		(2,771)	(4,332)	(5,608)	(7,935)
General and administrative expenses		(17,118)	(20,050)	(33,811)	(33,832)
Other operating expenses		(331)	(562)	(662)	(1,125)
Operating profit	2, 3	9,006	6,780	18,382	15,564
Interest income		40	110	92	235
Interest expense		(4,507)	(4,477)	(9,055)	(9,430)
Share of profits less losses of associates		14	–	22	–
Share of profits less losses of jointly controlled entities		–	(17)	–	(35)
Profit before taxation		4,553	2,396	9,441	6,334
Taxation	4	(609)	(301)	(898)	(1,040)
Profit after taxation but before minority interests		3,944	2,095	8,543	5,294
Minority interests		4	–	–	–
Profit attributable to shareholders		3,948	2,095	8,543	5,294
Basic earnings per share	6	0.57 cent	0.30 cent	1.23 cents	0.77 cent

CONSOLIDATED BALANCE SHEET

	Notes	As at 31st October 2003 HK\$'000 (Unaudited)	As at 30th April 2003 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	7	468,031	460,469
Investment properties	8	2,520	—
Investment in associates		4,304	4,193
Deposit with an associate		1,250	8,577
Deferred tax assets		415	413
Total non-current assets		476,520	473,652
CURRENT ASSETS			
Inventories		78,964	83,756
Trade receivables	9	84,317	77,680
Bills receivable		960	583
Prepayments, deposits and other current assets		10,385	9,713
Tax recoverable		432	436
Investment		8,191	7,939
Pledged bank deposits		25,044	24,983
Bank balances and cash		24,207	19,257
Total current assets		232,500	224,347
CURRENT LIABILITIES			
Short-term bank borrowings		(107,032)	(147,799)
Long-term bank loans, current portion		(77,470)	(42,996)
Finance lease obligations, current portion		(9,955)	(14,487)
Trade payables	10	(48,826)	(51,876)
Bills payable		(3,650)	(660)
Accruals and other payables		(21,354)	(21,788)
Tax payable		(149)	(140)
Total current liabilities		(268,436)	(279,746)
Net current liabilities		(35,936)	(55,399)
Total assets less current liabilities		440,584	418,253
NON-CURRENT LIABILITIES			
Long-term bank loans, non-current portion		(109,391)	(92,862)
Finance lease obligations, non-current portion		(4,598)	(8,226)
Deferred tax liabilities		(20,562)	(19,740)
Total non-current liabilities		(134,551)	(120,828)
MINORITY INTERESTS		(61)	(61)
Net assets		305,972	297,364
CAPITAL AND RESERVES			
Share capital	11	69,303	69,303
Reserves	14	236,669	228,061
Shareholders' equity		305,972	297,364

CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 31st October	
	2003	2002
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Operating activities		
Profit before taxation	9,441	6,334
Interest income	(92)	(235)
Interest expense	9,055	9,430
Depreciation of property, plant and equipment	29,504	32,432
Amortisation of distribution right	–	534
(Gain)/loss on disposal of property, plant and equipment	(19)	173
Share of profits less losses of associates	(22)	–
Share of profits less losses of jointly controlled entities	–	35
Unrealised gain on investment	(252)	–
Decrease/(increase) in inventories	4,792	(12,486)
Increase in trade receivables	(6,637)	(31,591)
Increase in bills receivable	(377)	(798)
Increase in prepayments, deposits and other current assets	(672)	(4,171)
Decrease in trade payables	(3,050)	(860)
Increase in bills payable	2,990	1,424
(Decrease)/increase in accruals and other payables	(434)	9,819
Hong Kong profits tax paid	(3)	(23)
Hong Kong profits tax refunded	18	68
Mainland China enterprise income tax paid	(78)	(400)
Net cash inflow from operating activities	44,164	9,685
Investing activities		
Purchase of property, plant and equipment	(36,487)	(5,663)
Disposal of property, plant and equipment	147	162
Purchase of investment properties	(2,291)	–
Purchase of a subsidiary, net of cash acquired	–	220
Interest received	92	235
Decrease in deposit with an associate	7,327	–
Increase in pledged bank deposits	(61)	(214)
Net cash outflow from investing activities	(31,273)	(5,260)
Financing activities		
Share issue expense	–	(3)
New short-term bank borrowings	97,984	96,161
Repayment of short-term bank borrowings	(119,271)	(68,660)
New long-term bank loans	165,000	7,000
Repayment of long-term bank loans	(113,997)	(22,561)
Repayment of capital element of finance lease obligations	(9,391)	(7,821)
Interest paid	(9,055)	(9,430)
Net cash inflow/(outflow) from financing activities	11,270	(5,314)
Translation adjustments	269	2,443
Increase in cash and cash equivalents	24,430	1,554
Cash and cash equivalents, beginning of period	(9,271)	(10,783)
Cash and cash equivalents, end of period	15,159	(9,229)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 31st October	
	2003	2002
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
.....		
Total equity, beginning of period		
– as previously reported	300,259	294,006
– effect of adopting SSAP 12 (revised)	(2,895)	(2,894)
	<hr/>	<hr/>
– as restated	297,364	291,112
Exchange gain arising on translation of the financial statements of foreign subsidiaries and associates not recognised in the consolidated income statement	65	1,582
Profit attributable to shareholders	8,543	5,294
Issue of new shares	–	3,200
Premium arising from issue of new shares	–	5,120
Share issue expense	–	(3)
	<hr/>	<hr/>
Total equity, end of period	305,972	306,305

Notes:

1. Principal accounting policies

The interim financial statements for the three months and six months ended 31st October 2003 comply with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants, and the same principal accounting policies and methods of computation are followed as compared with the most recent published annual financial statements for the year ended 30th April 2003, except that the Group has adopted SSAP 12 (revised) “Income taxes”, which is effective for accounting periods commencing on or after 1st January 2003, and SSAP 13 “Accounting for investment properties”, issued by the Hong Kong Society of Accountants for the first time in the current period.

SSAP 12 (revised) “Income taxes”

In prior years, deferred tax was recognised in respect of the taxation effect arising from material timing differences to the extent that a liability or an asset is expected to be payable or receivable in the foreseeable future. Under SSAP 12 (revised), a balance sheet liability method is adopted whereby deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts. Provision for withholding tax that will arise on the remittance of retained profits is only made where there is a current intention to remit such profits. Deferred tax assets relating to unused tax losses are recognised to the extent that the future utilisation is probable. The new accounting policy has been adopted retrospectively. As a result, the property revaluation reserve as at 30th April 2003 has been reduced by HK\$3,308,000 (2002: HK\$3,300,000) and the retained profits as at 30th April 2003 have been increased by HK\$413,000 (2002: HK\$406,000). The deferred tax liabilities and deferred tax assets as at 30th April 2003 have been increased by HK\$3,308,000 (2002: HK\$3,300,000) and HK\$413,000 (2002: HK\$406,000), respectively. The loss attributable to shareholders for the year ended 30th April 2003 has been reduced by HK\$7,000.

SSAP 13 “Accounting for investment properties”

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm’s length. Investment properties are stated at their open market value. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged. On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement. No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less. The adoption of this SSAP had no material effect on the Group’s financial statements.

2. Segment information

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) the design, development, manufacture and sale of a wide range of coils, capacitors and other electronic components, which are generally used in the manufacture of various kinds of electronic and electrical products; and (ii) the provision of information technology services.

Analysis of turnover and operating profit/(loss) by business segment is as follows:

	Turnover			
	Three months ended		Six months ended	
	31st October		31st October	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Coils manufacturing	109,680	103,562	206,871	195,733
Capacitors manufacturing	4,188	13,610	6,847	22,413
Electronic components trading	10,742	15,423	19,342	29,813
Information technology services	647	-	2,490	-
	125,257	132,595	235,550	247,959
	Operating profit/(loss)			
	Three months ended		Six months ended	
	31st October		31st October	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Coils manufacturing	11,377	7,337	21,646	15,803
Capacitors manufacturing	(1,212)	456	(2,100)	1,005
Electronic components trading	195	(491)	581	(722)
Information technology services	(1,354)	(522)	(1,745)	(522)
	9,006	6,780	18,382	15,564

Analysis of turnover and operating profit/(loss) by geographical segment is as follows:

	Turnover			
	Three months ended		Six months ended	
	31st October		31st October	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	77,158	82,830	147,928	164,371
Mainland China	18,757	11,837	31,959	20,264
Taiwan	10,820	20,027	20,335	33,956
Europe	8,993	7,827	15,338	12,486
Singapore	5,743	7,071	12,423	12,111
Others	3,786	3,003	7,567	4,771
	125,257	132,595	235,550	247,959



	Operating profit/(loss)			
	Three months ended		Six months ended	
	31st October		31st October	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	4,977	4,181	10,722	8,416
Mainland China	394	542	2,806	3,418
Taiwan	(148)	603	(403)	1,502
Europe	1,016	427	1,569	763
Singapore	2,898	1,619	3,843	2,609
Others	(131)	(592)	(155)	(1,144)
	9,006	6,780	18,382	15,564

3. Operating profit

Operating profit is stated after crediting and charging the following:

	Three months ended		Six months ended	
	31st October		31st October	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Crediting				
Unrealised gain on investment	103	–	252	–
Charging				
Depreciation of property, plant and equipment	17,417	17,940	29,504	32,432
Amortisation of distribution right	–	267	–	534
Cost of inventories sold	95,357	100,871	175,696	189,503
Staff costs (including directors' emoluments)	26,966	22,155	53,436	46,530

4. Taxation

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the period. Subsidiaries of the Company in Mainland China are subject to Mainland China enterprise income tax ranging from 12% to 33% (2002: 15% 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 consolidated income statement represents:

	Three months ended		Six months ended	
	31st October		31st October	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax				
– current tax	–	66	–	508
– over-provision in prior years	(1)	–	(19)	–
Mainland China enterprise income tax				
– current tax	33	235	95	532
Deferred taxation	577	–	822	–
	609	301	898	1,040
Shares of taxation attributable to:				
– associates	–	–	–	–
– jointly controlled entities	–	–	–	–
	609	301	898	1,040

5. Dividends

The Directors resolved not to declare any interim dividend in respect of the six months ended 31st October 2003 (2002: Nil).

6. Earnings per share

The calculation of basic earnings per share for the three months ended 31st October 2003 is based on the profit attributable to shareholders of approximately HK\$3,948,000 (2002: HK\$2,095,000) and the weighted average number of 693,028,811 (2002: 693,028,811) shares in issue during the period.

The calculation of basic earnings per share for the six months ended 31st October 2003 is based on the profit attributable to shareholders of approximately HK\$8,543,000 (2002: HK\$5,294,000) and the weighted average number of 693,028,811 (2002: 687,115,768) shares in issue during the period.

Diluted earnings per share is not presented as the outstanding share options and warrants during the three months and six months ended 31st October 2002 and 31st October 2003 were anti-dilutive.

7. Property, plant and equipment

During the six months ended 31st October 2003, the additions to property, plant and equipment were approximately HK\$37,719,000 (six months ended 31st October 2002: HK\$15,114,000).



8. Investment properties

During the six months ended 31st October 2003, the additions to investment properties were approximately HK\$2,291,000 (six months ended 31st October 2002: Nil).

9. Trade receivables

The aging analysis of trade receivables is as follows:

	As at 31st October 2003 HK\$'000	As at 30th April 2003 HK\$'000
Current	56,516	52,393
Overdue by 0 – 1 month	7,078	9,472
Overdue by 1 – 2 months	7,024	3,879
Overdue by 2 – 3 months	3,454	5,923
Overdue by more than 3 months	13,553	8,922
	<u>87,625</u>	<u>80,589</u>
Less: Provision for bad and doubtful debts	(3,308)	(2,909)
	<u>84,317</u>	<u>77,680</u>

Management of the Group performs ongoing credit and collectibility evaluations of each customer. Provisions for potential credit losses are maintained and such losses in aggregate have not exceeded management's estimates. The Group offers an average credit period ranging from one to three months to its trade customers who have good payment records and well-established relationships with the Group.

10. Trade payables

The aging analysis of trade payables is as follows:

	As at 31st October 2003 HK\$'000	As at 30th April 2003 HK\$'000
Current	32,793	29,248
Overdue by 0 – 1 month	3,772	9,565
Overdue by 1 – 2 months	6,513	4,840
Overdue by 2 – 3 months	1,288	2,656
Overdue by more than 3 months	4,460	5,567
	<u>48,826</u>	<u>51,876</u>

11. Share capital

Movements in share capital are as follows:

	Six months ended 31st October 2003		Year ended 30th April 2003	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
Authorised shares of HK\$0.10 each				
Beginning and end of period/year	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid shares of HK\$0.10 each				
Beginning of period/year	693,028,811	69,303	661,028,811	66,103
Issue of new shares	-	-	32,000,000	3,200
End of period/year	693,028,811	69,303	693,028,811	69,303

12. Share options

Under the share option scheme adopted by the Company on 26th October 1999 (the "Old Scheme"), the Directors may grant options to any employees or executives of the Company or any of its subsidiaries, including executive directors (but excluding independent non-executive directors of the Company) of the Company or any of its subsidiaries, to subscribe for shares in the Company. On 26th September 2002, a new share option scheme (the "New Scheme") was adopted by the Company and the Old Scheme was terminated. No further options can be offered under the Old Scheme. However, all other respects of the provisions of the Old Scheme shall remain in full force and holders of all options granted under the Old Scheme prior to such termination shall be entitled to exercise the outstanding options pursuant to the terms of the Old Scheme until the expiry of the said options.

The purpose of the New Scheme is to provide any full-time employees of the Company or any of its subsidiaries (including executive directors) 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.

Movements in options granted under the Old Scheme during the six months ended 31st October 2003 are as follows:

Date of grant	Vesting period	Exercisable period	Subscription price per share	Number of shares under options			End of period
				Beginning of period	Exercised during the period	Lapsed during the period	
(i) Directors							
<i>Mr. Lam Wai Chun</i>							
21st September 2000	21st September 2000 to 21st September 2002	22nd September 2002 to 21st September 2003	HK\$1.02	881,798	-	(881,798)	-
21st September 2000	21st September 2000 to 21st September 2003	22nd September 2003 to 21st June 2004	HK\$1.02	1,322,698	-	-	1,322,698
21st September 2000	21st September 2000 to 21st June 2004	22nd June 2004 to 21st January 2005	HK\$1.02	1,322,698	-	-	1,322,698
				3,527,194	-	(881,798)	2,645,396
<i>Mr. Saito Misao (resigned on 30th June 2003)</i>							
21st September 2000	21st September 2000 to 21st September 2002	22nd September 2002 to 21st September 2003	HK\$1.02	881,798	-	(881,798)	-
21st September 2000	21st September 2000 to 21st September 2003	22nd September 2003 to 21st June 2004	HK\$1.02	1,322,698	-	(1,322,698)	-
21st September 2000	21st September 2000 to 21st June 2004	22nd June 2004 to 21st January 2005	HK\$1.02	1,322,698	-	(1,322,698)	-
				3,527,194	-	(3,527,194)	-
<i>Ms. Tang Fung Kwan</i>							
21st September 2000	21st September 2000 to 21st September 2002	22nd September 2002 to 21st September 2003	HK\$1.02	881,798	-	(881,798)	-
21st September 2000	21st September 2000 to 21st September 2003	22nd September 2003 to 21st June 2004	HK\$1.02	1,322,698	-	-	1,322,698
21st September 2000	21st September 2000 to 21st June 2004	22nd June 2004 to 21st January 2005	HK\$1.02	1,322,698	-	-	1,322,698
				3,527,194	-	(881,798)	2,645,396



Date of grant	Vesting period	Exercisable period	Subscription price per share	Number of shares under options			End of period
				Beginning of period	Exercised during the period	Lapsed during the period	
<i>Mr. Law Hoo Shan</i>							
1st November 2000	1st November 2000 to 31st October 2002	1st November 2002 to 31st October 2003	HK\$0.75	420,000	-	-	420,000
1st November 2000	1st November 2000 to 31st October 2003	1st November 2003 to 31st July 2004	HK\$0.75	630,000	-	-	630,000
1st November 2000	1st November 2000 to 31st July 2004	1st August 2004 to 28th February 2005	HK\$0.75	630,000	-	-	630,000
				1,680,000	-	-	1,680,000
<i>Mr. Ho Kwok Keung (resigned on 14th August 2003)</i>							
1st November 2000	1st November 2000 to 31st October 2002	1st November 2002 to 31st October 2003	HK\$0.75	195,000	-	-	195,000
1st November 2000	1st November 2000 to 31st October 2003	1st November 2003 to 31st July 2004	HK\$0.75	292,500	-	-	292,500
1st November 2000	1st November 2000 to 31st July 2004	1st August 2004 to 28th February 2005	HK\$0.75	292,500	-	-	292,500
				780,000	-	-	780,000
(ii) Employees							
21st September 2000	21st September 2000 to 21st September 2002	22nd September 2002 to 21st September 2003	HK\$1.02	881,798	-	(881,798)	-
21st September 2000	21st September 2000 to 21st September 2003	22nd September 2003 to 21st June 2004	HK\$1.02	1,322,698	-	-	1,322,698
21st September 2000	21st September 2000 to 21st June 2004	22nd June 2004 to 21st January 2005	HK\$1.02	1,322,698	-	-	1,322,698
				3,527,194	-	(881,798)	2,645,396
1st November 2000	1st November 2000 to 31st October 2002	1st November 2002 to 31st October 2003	HK\$0.75	7,800,000	-	-	7,800,000
1st November 2000	1st November 2000 to 31st October 2003	1st November 2003 to 31st July 2004	HK\$0.75	11,700,000	-	-	11,700,000
1st November 2000	1st November 2000 to 31st July 2004	1st August 2004 to 28th February 2005	HK\$0.75	11,700,000	-	-	11,700,000
				31,200,000	-	-	31,200,000
				47,768,776	-	(6,172,388)	41,596,188

During the six months ended 31st October 2003, no option has been granted under the New Scheme.



13. Warrants

As at 1st May 2003, there were outstanding warrants of 300,800,000 units, which carry subscription rights of HK\$1.475 for every 10 units of warrants entitling the holders thereof to subscribe in cash for 90,546,938 new shares in the Company at an adjusted subscription price of HK\$0.49 per new share (subject to adjustment) from the date of issue (3rd July 2000) to 30th September 2003 (both dates inclusive). The subscription rights attached to all the outstanding warrants expired on 30th September 2003 and following such date, the warrants ceased to be valid for any purpose. Up to 30th September 2003, no warrant has been exercised.

14. Reserves

Movements in reserves are as follows:

	Share premium HK\$'000	Capital reserve HK\$'000	Subscription right reserve HK\$'000	Property revaluation reserve HK\$'000	Mainland China statutory reserve HK\$'000	Cumulative translation adjustments HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1st May 2002								
– as previously reported	29,561	13,934	17,214	21,066	–	(138)	146,266	227,903
– effect of adopting SSAP 12 (revised)	–	–	–	(3,300)	–	–	406	(2,894)
– as restated	29,561	13,934	17,214	17,766	–	(138)	146,672	225,009
Premium arising from issue of new shares	6,560	–	–	–	–	–	–	6,560
Share issue expense	(3)	–	–	–	–	–	–	(3)
Provision for deferred taxation	–	–	–	(8)	–	–	–	(8)
Loss attributable to shareholders	–	–	–	–	–	–	(4,940)	(4,940)
Transfer from retained profits to Mainland China statutory reserve	–	–	–	–	137	–	(137)	–
Translation adjustments	–	–	–	–	–	1,443	–	1,443
As at 30th April 2003	36,118	13,934	17,214	17,758	137	1,305	141,595	228,061
As at 1st May 2003								
– as previously reported	36,118	13,934	17,214	21,066	137	1,305	141,182	230,956
– effect of adopting SSAP 12 (revised)	–	–	–	(3,308)	–	–	413	(2,895)
– as restated	36,118	13,934	17,214	17,758	137	1,305	141,595	228,061
Profit attributable to shareholders	–	–	–	–	–	–	8,543	8,543
Transfer from subscription right reserve to retained profits upon expiration of warrants	–	–	(17,214)	–	–	–	17,214	–
Translation adjustments	–	–	–	–	–	65	–	65
As at 31st October 2003	36,118	13,934	–	17,758	137	1,370	167,352	236,669

15. Contingent liabilities

Contingent liabilities not provided for in the financial statements are:

	As at 31st October 2003	As at 30th April 2003
	HK\$'000	HK\$'000
Factoring of trade receivables with recourse	39,166	25,286

16. Related party transactions

The Group entered into a contract with Rentz Technologies Co., Ltd (“Rentz”), an associate, for construction of a production plant and machineries in Nanjing Mainland China amounting to approximately HK\$16,600,000 and paid HK\$8,577,000 as deposit for the project for the year ended 30th April 2003.

In August 2003, two supplemental contracts were entered between the Group and Rentz for revising the total contract price of the project to HK\$17,600,000 and the payment terms. During the period, the remaining balance of the project was fully settled.

17. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

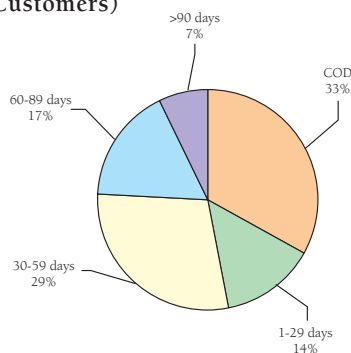
Looking back on the first six months of the financial year 2003/2004, the business environment of electronic manufacturing industry has improved with the recovery of global economy.

During the period under review, the Group's profit attributable to shareholders was HK\$8,543,000 (2002: HK\$5,294,000). Turnover for the period was HK\$235,550,000 (2002: HK\$247,959,000), down 5.0% as compared with the corresponding period last year. The reason for the decrease in turnover is that the Group continues to trim the electronic components trading business with lower profit margin. During the period under review, the turnover of electronic components trading segment was HK\$19,342,000 (2002: HK\$29,813,000), representing a marked drop of 35.1% as compared with the corresponding period last year. On the other hand, the turnover of coils manufacturing segment, the core business, rose 5.7% to HK\$206,871,000 (2002: HK\$195,733,000).

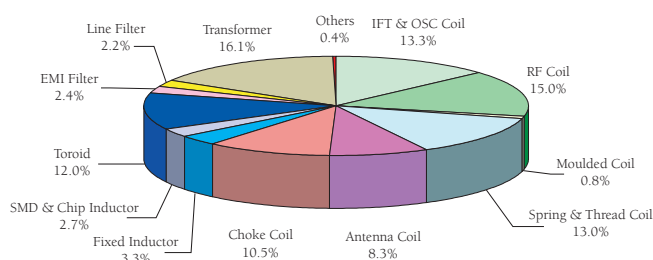
The current turnover distribution of the Group's operations reflects that the Group is actively amassing its resources to explore the core coils business. The Group's overall gross profit and gross profit margin for the period recorded an increase to HK\$58,463,000 (2002: HK\$58,456,000) and 24.8% (2002: 23.6%), respectively. The Group's overall profit performance reflects the Group's competitive edges in coils manufacturing and demonstrates that the Group should continue to implement its corporate policy of intensive development of its core manufacturing business.

	Turnover		Gross profit/(loss)	
	Six months ended		Six months ended	
	31st October		31st October	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Coils manufacturing	206,871	195,733	57,434	54,315
Capacitors manufacturing	6,847	22,413	(1,573)	2,268
Electronic components trading	19,342	29,813	1,503	1,873
Information technology services	2,490	–	1,099	–
	235,550	247,959	58,463	58,456

Breakdown of Credit Terms as at 31st October 2003 (in term of Customers)



Distribution of New Specification – by Product Type for the six months ended 31st October 2003





Manufacturing Segment

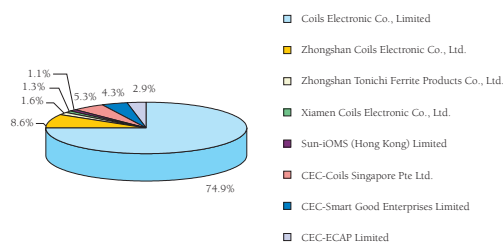
The Group's core manufacturing business is the manufacture of coils. The Group has been focusing on developing its coils manufacturing business during the period, such that the turnover of coils manufacturing segment for the six months ended 31st October 2003 recorded a rise of 5.7% as compared with the corresponding period last year. The gross profit of this business was HK\$57,434,000 (2002: HK\$54,315,000), with an increase over the corresponding period last year as well, while the gross profit margin maintained at a similar level of 27.8% (2002: 27.7%). As for capacitors manufacturing segment, the Group has been active in reshuffling certain capacitors customers with relatively long payment term, resulting in a drop in its turnover. On the other hand, the Group has been keen on promoting capacitors to quality customers and it is expected that there will be a gradual improvement in the capacitors business in the future.

The application of the coils produced by the Group mainly comprises audio-visual, electrical home appliances, toys, computers and office automation equipment, lighting facilities, telecommunication, automobiles, and other electronic and electrical products. For the six months ended 31st October 2003, the Group's sales to power-supply product manufacturers accounted for 15.0% (2002: 7.2%) of the Group's turnover. This indicates that the power-supply coils and manganese-zinc ferrite, which have been actively invested and developed by the Group in recent years, have become one of the Group's flagship products, and that the Group's investment in power-supply coils and manganese-zinc ferrite is gradually paying off. As the demand for switching power supply units and anti-electromagnetic interference filters is going up, the Group expects that the sales of products in this segment will increase accordingly.

During the period, the Group has been committed to developing the European market and to securing customers in Europe. Sales to European region amounted to HK\$15,338,000 (2002: HK\$12,486,000) during the period under review. Meantime, as many electronic and electrical appliance manufacturers from all over the world have been keeping on establishing factories and furnishing their purchases in Mainland China, the Group, capitalising on the business opportunities emerged from this trend, succeeded in securing a number of customers from Europe and the USA and becomes one of their main suppliers in Mainland China. As a result, the Group's sales within Mainland China for the period soared 57.7% to HK\$31,959,000 (2002: HK\$20,264,000) as compared with the corresponding period last year.

Copper wires, plastics and various metal oxides (such as iron, zinc, manganese, nickel, copper and cobalt, etc.) are the principal materials purchased for the Group's core business. Since the metal prices in the global market have been rising throughout 2003 and exerting pressure on the material costs of the core business, the Group will closely monitor the price fluctuation in metal markets.

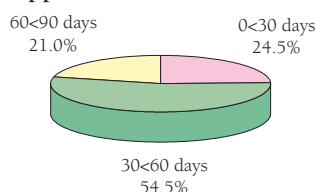
Sales Contribution by Major Subsidiaries for the six months ended 31st October 2003 (Total Turnover: HK\$235,550,000)



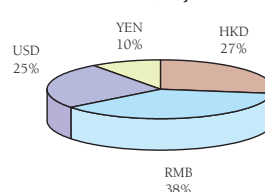
Trading Segment

Carrying on the corporate policy formulated by the Group last year, which includes amassing resources to develop the core manufacturing business, curtailing or restructuring under-performing projects, the turnover of electronic components trading segment with lower profit margin dropped significantly to HK\$19,342,000 (2002: HK\$29,813,000) as compared with the corresponding period last year. The gross profit fell with the turnover to HK\$1,503,000 (2002: HK\$1,873,000), but the gross profit margin rose to 7.8% (2002: 6.3%) for the same period. This indicates that the Group is actively embarking on the restructure of the trading segment, and that business with lower profit margin will be further retrenched with a view to alleviating the credit exposure and cost of capital associated with non-core business.

Distribution of Payment Terms Agreed with Suppliers as at 31st October 2003



Purchase Amount for the six months ended 31st October 2003, by Settlement Currency



Information Technology Segment

During the period under review, the Group's information technology segment has not performed up to the mark and recorded a turnover of HK\$2,490,000 (2002: Nil) with a gross profit of HK\$1,099,000 (2002: Nil) for the period. Here and now, Sun-iOMS (Hong Kong) Limited ("Sun-iOMS", a 51% owned subsidiary of the Group) recorded an operating loss of HK\$767,000 for the period, which was mainly attributable to the slow-down of sales in September and October. Currently, Sun-iOMS is actively soliciting more sales orders so as to catch up in the short run. Besides, the project regarding the "Corporate Process Management System" related product is being actively developed by Chongqing CEC-Technology Limited (a wholly-owned subsidiary of the Group) during the period, which is about to unfold its sales and marketing with projected completion two quarters later.

Financial Review

As at 31st October 2003, the Group's aggregate banking facilities from banks amounted to HK\$430,621,000 (as at 30th April 2003: HK\$539,426,000), of which HK\$87,917,000 (as at 30th April 2003: HK\$222,320,000) remained unutilised. Cash and bank deposits were HK\$49,251,000 (as at 30th April 2003: HK\$44,240,000), denominated mainly in Hong Kong dollars, United States dollars, Renminbi, Singapore dollars and New Taiwan dollars. The Group is required to meet certain restrictive financial covenants with the major banks.

	Financial covenants with major banks	As at 31st October 2003	Compliance with financial covenants
Net tangible assets	Above HK\$290,000,000	HK\$305,972,000	Complied
Current ratio	Above 0.70	0.87	Complied
Interest coverage ratio	Above 3.50 times	5.34 times	Complied
Net gearing ratio (1)*	Below 1.05	0.99	Complied
Net gearing ratio (2)#	Below 0.85	0.83	Complied

* The ratio of (total borrowings plus bills payable and contingent liabilities less total cash and bank deposits) over (net tangible assets less proposed final dividends)

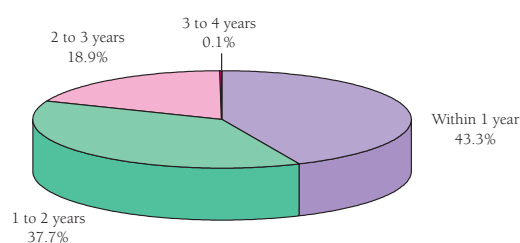
The ratio of (total borrowings plus bills payable less total cash and bank deposits and investment) over (net tangible assets plus minority interests less proposed final dividends)

Cash flow summary

	Six months ended 31st October		Change
	2003 HK\$'000	2002 HK\$'000	
Cash inflow from operating activities	44,164	9,685	↑
Cash outflow from investing activities	(31,273)	(5,260)	
Cash inflow/(outflow) from financing activities	11,270	(5,314)	↑
Cash and cash equivalents, end of period	15,159	(9,229)	

The Group's net cash inflow for the six months ended 31st October 2003 was HK\$24,430,000 (2002: HK\$1,554,000). As at 31st October 2003, cash and cash equivalents amounted to HK\$15,159,000 (as at 31st October 2002: minus HK\$9,229,000). The increase in net cash inflow was mainly attributable to the net cash inflow from operating activities of HK\$44,164,000 (2002: HK\$9,685,000). The net cash outflow from investing activities was HK\$31,273,000 (2002: net cash outflow of HK\$5,260,000). This was primarily attributable to the capital expenditure for the period of HK\$40,010,000 (2002: HK\$15,114,000), mostly resulting from the purchase of equipment for the investment in Nanjing Project and expansion of coils manufacturing segment. The net cash inflow from financing activities was HK\$11,270,000 (2002: net cash outflow of HK\$5,314,000), mainly attributable to the new long-term bank loan of HK\$165,000,000 during the period, which had positive impact on the Group's debt structure and cash flow.

Maturity of Finance Lease & Term Loan as at 31st October 2003 (Total: HK\$201,414,000)

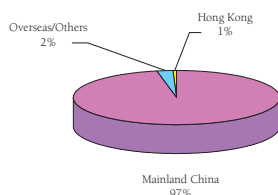


The Group's Human Resources Distribution

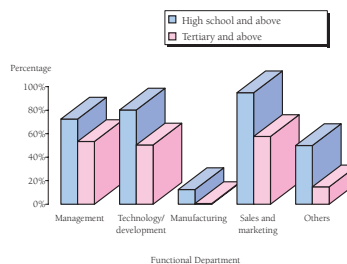
Report on human resources as at 31st October 2003:

Total number	5,993	Male:	24.1%	Female:	75.9%
Functional distribution	Management	Technology/development	Manufacturing	Sales and marketing	Others
	3.2%	2.2%	Workers: 79.6%	1.3%	7.2%
			Supervisors: 6.5%		
Qualification	Management	Technology/development	Manufacturing	Sales and marketing	Others
High school and above	72.5%	80.2%	12.4%	94.9%	49.9%
Tertiary and above	53.4%	50.4%	0.6%	57.7%	14.8%
Age	25 or below	26 – 35	36 – 50	51 or above	
	61.2%	31.2%	6.6%	1.0%	
Nationality	Hong Kong	Mainland China	Overseas/others		
	2.4%	97.0%	0.6%		

Distribution of Employees' Nationalities as at 31st October 2003



Proportion of Employees with Educational Qualification as at 31st October 2003



Future Plans and Prospects

The Nanjing Project

The ready-to-press ferrite powder production plan drawn up by Nanjing Guo Zhong Magnetic Material Co., Ltd. (“Nanjing Guo Zhong”), a wholly-owned subsidiary of the Group, at the beginning of 2003 is now progressing as originally scheduled. According to the sales and purchase agreement entered into between the Group and Nanjing Fei Jin Magnetic Products Co., Ltd. (“Nanjing Fei Jin”), a subsidiary of LG.Philips Displays, Nanjing Fei Jin will purchase from Nanjing Guo Zhong 80% of its demand for ferrite powder for the production of “deflection yoke”, which is a crucial component in display tubes.

All the plant infrastructure and production equipment installation were completed in October 2003. Based on the demand forecast prepared by Nanjing Fei Jin in October 2003, the purchase volume will be gradually increased from 70 tons for trial production in November 2003 to 472 tons in March 2004. The 70 tons delivered by Nanjing Guo Zhong to Nanjing Fei Jin have been checked and received in November 2003, and Nanjing Guo Zhong, while engaging in full production to cope with the demand of Nanjing Fei Jin, will reinforce its efforts on quality control and stability of product as well.

As at 31st October 2003, the Group has invested HK\$16,679,000 in the Nanjing Project, mainly for plants and production equipment, and it is expected that the total investment will be within HK\$23,000,000.

Carrying Through the “People-Oriented” Concept

The Group has been placing an emphasis on human resources strategy as well as carrying through the “people-oriented” concept. It is because the Group believes that a company cannot prosper without abundant talents. During the period under review, the Group has implemented a human resources program, namely the “Executive Trainee Program”. The “Executive Trainee Program” aims to recruit graduates and professionals from the Pearl River Delta, the base of the Group’s core business, and have them worked and trained in the Group, playing a supportive role in the growth of the Group. In addition to new ideas and vitality that comes with the recruits, the program can also replenish the high rate of brain drain due to the high flow rate of population in the Pearl River Delta in recent years.

The first stage of the “Executive Trainee Program” has been launched during the period under review. Since the Group considers Hong Kong to be an important center of talents, with a rich supply of graduates from various universities in Hong Kong. The first stage of the program involves recruiting a number of outstanding graduates from Hong Kong and having them worked in the Group’s core business base in Zhongshan, where they will be put through practice and training covering production management, purchasing, sales, systems management and capital analysis, etc. Through the above arrangement, the graduates may acquire working experience in business and in manufacturing industry in Mainland China, thereby boost the Group’s business growth in Mainland China. For the period from the start of summer this financial year to 31st October 2003, the Group has recruited more than 20 university graduates from Hong Kong. The first stage of the “Executive Trainee Program” targets at recruiting a total of 60 graduates from universities in Hong Kong in the financial year.

The above was written by:

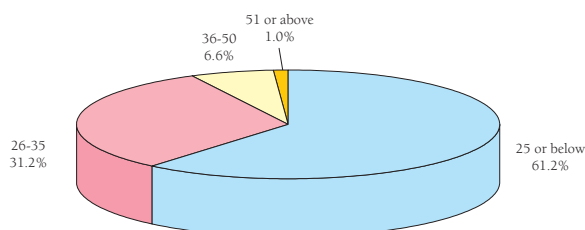
Cheung Ming Yat

Lai Mei Chi, Sara

Liu Man Wong

Capital Management Department

Distribution of Employees’ Age as at 31st October 2003



PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31st October 2003.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

As at 31st October 2003, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(a) Interests and short positions in the shares of the Company

Name of director	Number of shares HK\$0.10 each					Total interests	Percentage of issued share capital
	Family interests	Personal interests	Corporate interests	Trusts and similar interests	Other interests		
Mr. Lam Wai Chun	404,008,996 (Note 3)	4,332,000 (Note 2)	404,008,996 (Note 3)	404,008,996 (Note 3)	-	408,340,996 (Note 3)	58.92%
Ms. Tang Fung Kwan	-	3,502,611	-	-	-	3,502,611	0.51%
Mr. Law Hoo Shan	-	546,751	-	-	-	546,751	0.08%
Mr. Lam Wing Kin, Sunny	-	902,000	-	-	-	902,000	0.13%
Mr. Au Son Yiu	-	2,498,000	-	-	-	2,498,000	0.36%
Mr. Tang Tin Sek	-	302,000	-	-	-	302,000	0.04%

Notes:

- All the above interests in the shares of the Company were long positions. These interests need to be aggregated with those set out in sub-paragraph (b) below (if applicable) to give the total interests of the relevant directors of the Company. None of the directors or chief executives of the Company held any short position in the shares of the Company.
- Personal interests were interests held by the relevant directors as beneficial owners.
- The 404,008,996 shares were held by and registered in the name of Ka Yan China Development (Holding) Company Limited, a wholly-owned subsidiary of Ka Yan China Investments Limited. The entire issued share capital of Ka Yan China Development (Holding) Company Limited was ultimately held by HSBC International Trustee Limited as trustee of a discretionary trust, namely Ka Yan China Family Trust (the "Trust"). The beneficiaries under the Trust were Mr. Lam Wai Chun's spouse, Ms. Law Ching Yee, and his children who were under the age of 18 years. By virtue of his being a founder of the Trust, Mr. Lam Wai Chun was deemed to be interested in all the shares held by Ka Yan China Development (Holding) Company Limited for the purpose of the SFO. The 404,008,996 shares in the family interests, corporate interests and trusts and similar interests related to the same block of shares in the Company and duplicated each other. Accordingly, the figure of 408,340,996 shares in the total interests column for Mr. Lam Wai Chun was arrived at after eliminating the duplication.

(b) Interests and short positions in underlying shares pursuant to equity derivatives of the Company

As at 31st October 2003, the following directors of the Company had beneficial interests in the outstanding share options granted under the Old Scheme entitling them to subscribe for shares of the Company, the interests of which were long positions:

Date of grant	Vesting period	Exercisable period	Subscription price per share	Number of shares under options			End of period
				Beginning of period	Exercised during the period	Lapsed during the period	
<i>Mr. Lam Wai Chun</i>							
21st September 2000	21st September 2000 to 21st September 2002	22nd September 2002 to 21st September 2003	HK\$1.02	881,798	-	(881,798)	-
21st September 2000	21st September 2000 to 21st September 2003	22nd September 2003 to 21st June 2004	HK\$1.02	1,322,698	-	-	1,322,698
21st September 2000	21st September 2000 to 21st June 2004	22nd June 2004 to 21st January 2005	HK\$1.02	1,322,698	-	-	1,322,698
				3,527,194	-	(881,798)	2,645,396
<i>Ms. Tang Fung Kwan</i>							
21st September 2000	21st September 2000 to 21st September 2002	22nd September 2002 to 21st September 2003	HK\$1.02	881,798	-	(881,798)	-
21st September 2000	21st September 2000 to 21st September 2003	22nd September 2003 to 21st June 2004	HK\$1.02	1,322,698	-	-	1,322,698
21st September 2000	21st September 2000 to 21st June 2004	22nd June 2004 to 21st January 2005	HK\$1.02	1,322,698	-	-	1,322,698
				3,527,194	-	(881,798)	2,645,396
<i>Mr. Law Hoo Shan</i>							
1st November 2000	1st November 2000 to 31st October 2002	1st November 2002 to 31st October 2003	HK\$0.75	420,000	-	-	420,000
1st November 2000	1st November 2000 to 31st October 2003	1st November 2003 to 31st July 2004	HK\$0.75	630,000	-	-	630,000
1st November 2000	1st November 2000 to 31st July 2004	1st August 2004 to 28th February 2005	HK\$0.75	630,000	-	-	630,000
				1,680,000	-	-	1,680,000

None of the directors or chief executives of the Company held any short position in underlying shares of the Company.

(c) **Interests and short positions in the shares and underlying shares pursuant to equity derivatives of associated corporations of the Company**

Coils Electronic Co., Limited

Name of director	Number of non-voting deferred shares of HK\$1.00 each			Total interests	Percentage of issued non-voting deferred shares
	Personal interests	Corporate interests	Family interests		
Mr. Lam Wai Chun (Notes 4 and 5)	7,500,000	6,000,000	500,000	14,000,000	100%

Notes:

- Mr. Lam Wai Chun held 7,500,000 non-voting deferred shares of HK\$1.00 each, representing approximately 53.57% of the 14,000,000 non-voting deferred shares of HK\$1.00 each issued by Coils Electronic Co., Limited, in which Coils International Holdings Limited, a direct wholly-owned subsidiary of the Company, had 100% interest in the issued ordinary share capital.
- 6,000,000 non-voting deferred shares of HK\$1.00 each were held by Ka Yan China Development (Holding) Company Limited and 500,000 non-voting deferred shares of HK\$1.00 each were held by Ms. Law Ching Yee respectively in Coils Electronic Co., Limited, representing approximately 42.86% and approximately 3.57% respectively of the 14,000,000 non-voting deferred shares of HK\$1.00 each in the share capital of Coils Electronic Co., Limited. Mr. Lam Wai Chun was deemed to be interested in all these shares under the SFO by virtue of, in the case of shares held by Ka Yan China Development (Holding) Company Limited, the reasons set out in Note (a)3 above and, in the case of Ms. Law Ching Yee, the fact that Ms. Law Ching Yee is the spouse of Mr. Lam Wai Chun.
- All the above interests in the non-voting deferred shares of Coils Electronic Co., Limited were long positions.
- Mr. Lam Wai Chun held shares in certain subsidiaries as trustee for their holding companies.

None of the directors or chief executives of the Company held any short position in the shares or underlying shares in the Company's associated corporations.

(d) **Interests in debentures of the Company**

None

(e) **Interests in debentures of associated corporation(s) of the Company**

None

Save as disclosed above, as at 31st October 2003, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

INTERESTS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31st October 2003, according to the register required to be kept by the Company under section 336 of the SFO, the following persons, other than the directors or chief executives of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Interests and short positions in the shares of the Company

Substantial shareholders (as defined in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"))

Name	Number of shares held				Percentage of issued share capital
	Family interests	Corporate interests	Trusts and similar interests	Beneficial owner	
Ms. Law Ching Yee	408,340,996 (Note 2)	-	-	-	58.92%
Ka Yan China Development (Holding) Company Limited	-	-	-	404,008,996 (Notes 2 & 3)	58.30%
Ka Yan China Investments Limited	-	404,008,996 (Notes 2 & 3)	-	-	58.30%
HSBC International Trustee Limited	-	-	404,008,996 (Notes 3 & 4)	-	58.30%

Other persons as recorded in the register kept by the Company pursuant to section 336 of the SFO

Name	Number of shares held				Percentage of issued share capital
	Family interests	Corporate interests	Trusts and similar interests	Beneficial owner	
Nittoku Engineering Co., Ltd.	-	-	-	51,093,983	7.37%
Toko, Inc.	-	-	-	36,785,402	5.31%

Notes:

- All the above interests in the shares of the Company were long positions.
- The 404,008,996 shares were held by and registered in the name of Ka Yan China Development (Holding) Company Limited, a wholly-owned subsidiary of Ka Yan China Investments Limited. The entire issued share capital of Ka Yan China Development (Holding) Company Limited was ultimately held by the Trust. The beneficiaries under the Trust were Mr. Lam Wai Chun's spouse, Ms. Law Ching Yee, and his children who were under the age of 18 years. By virtue of Mr. Lam Wai Chun being a founder of the Trust, Ms. Law Ching Yee was deemed to be interested in all the shares and equity derivatives held by her spouse for the purpose of the SFO. These interests need to be aggregated with those set out in sub-paragraph (b) below to give the total interests of Ms. Law Ching Yee.
- The interests of Ka Yan China Development (Holding) Company Limited and Ka Yan China Investments Limited, the ultimate holding company of the Company, were in respect of the same 404,008,996 shares and duplicated each other.
- The 404,008,996 shares in which HSBC International Trustee Limited, the trustee of the Trust, was interested were the shares referred to in Notes 2 and 3 above.



(b) Interests and short positions in underlying shares pursuant to equity derivatives of the Company

Substantial shareholder (as defined in the Listing Rules)

Name	Number of shares pursuant to option granted Family interests
Ms. Law Ching Yee	2,645,396 (Note 5)

Note:

5. By virtue of Ms. Law Ching Yee's spouse, Mr. Lam Wai Chun, being a founder of the Trust, Ms. Law Ching Yee was deemed to be interested in 2,645,396 shares in respect of the outstanding share option granted to Mr. Lam Wai Chun under the Old Scheme, the interests of which were long positions. The details of the outstanding share option are set out in the section headed "Interests of directors and chief executives in securities" and under sub-paragraph (b) headed "Interests and short positions in underlying shares pursuant to equity derivatives of the Company".

Save as disclosed above, the Company had not been notified of any other person (other than a director or chief executive of the Company) who had an interest (whether direct or indirect) in 5% or more of the shares comprised in the relevant share capital or a short position which was required to be recorded in the register kept by the Company pursuant to section 336 of the SFO as at 31st October 2003.


PRACTICE NOTE 19 TO THE LISTING RULES

In accordance with the disclosure requirements of Practice Note 19 to the Listing Rules, the Company makes the following disclosures in relation to the details of the 2002 Agreement (as defined below) and 2003 Agreement (as defined below), which includes conditions relating to specific performance of the controlling shareholder of the Company.

- (a) On 31st January 2002, the Company entered into a 3-year term loan and revolving credit facility agreement (the "2002 Agreement") for an aggregate amount of HK\$100,000,000 (the "2002 Facility") with Coils Electronic Co., Limited, a wholly-owned subsidiary of the Company, as original guarantor and a group of banks.
- (b) On 30th April 2003, the Company entered into a 3-year transferable term loan facility agreement (the "2003 Agreement") for an aggregate amount of HK\$165,000,000 (the "2003 Facility") with Coils Electronic Co., Limited, a wholly-owned subsidiary of the Company, as original guarantor and a group of banks.

Under the provisions of the 2002 Agreement and 2003 Agreement, it would be an event of default, inter alia, if any of the following events occurs:

1. Mr. Lam Wai Chun ("Mr. Lam"), the Chairman of the Company, and Ka Yan China Development (Holding) Company Limited ("Ka Yan"), the controlling shareholder of the Company, cease to be the beneficial owners, together, of more issued share capital of the Company than any other person (including persons acting in concert); or

- 
2. Mr. Lam and Ka Yan cease to be the beneficial owners, together, of at least 35% of the issued share capital of the Company; or
3. Mr. Lam ceases to be the Chairman of the Company or ceases to be involved actively in the management and business of the Group; or
4. Mr. Lam or Ka Yan sells, transfers, assigns, encumbers or disposes of all or part of their respective beneficial ownership of shares in the Company; or
5. Ka Yan ceases to be wholly and beneficially owned by Ka Yan China Family Trust (the “Trust”), the family trust of Mr. Lam; or
6. Mr. Lam’s immediate family members cease to be the only beneficiaries under the Trust.

For 2002 Agreement, if any such event of default occurs, upon a notice served to the Company, (i) the 2002 Facility shall immediately be cancelled; (ii) all amounts accrued and outstanding or owing under the 2002 Facility shall immediately become due and payable; and/or (iii) the 2002 Facility shall immediately become payable on demand.

For 2003 Agreement, if any such event of default occurs, upon a notice served to the Company, (i) the 2003 Facility shall immediately be cancelled; (ii) all amounts accrued and outstanding or owing under the 2003 Facility shall immediately become due and payable; and/or (iii) the 2003 Facility shall immediately become payable on demand.

All the outstanding indebtedness under the 2002 Agreement was prepaid in May 2003.

AUDIT COMMITTEE

The Company’s Audit Committee has reviewed this interim report for the six months ended 31st October 2003.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 31st October 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the non-executive director (Mr. Tang Tin Sek, who has been re-designated as an independent non-executive director with effect from 3rd June 2003) and independent non-executive directors have not been appointed for a specific term, but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company’s Bye-laws.

By Order of the Board
Lam Wai Chun
Chairman

Hong Kong, 18th December 2003

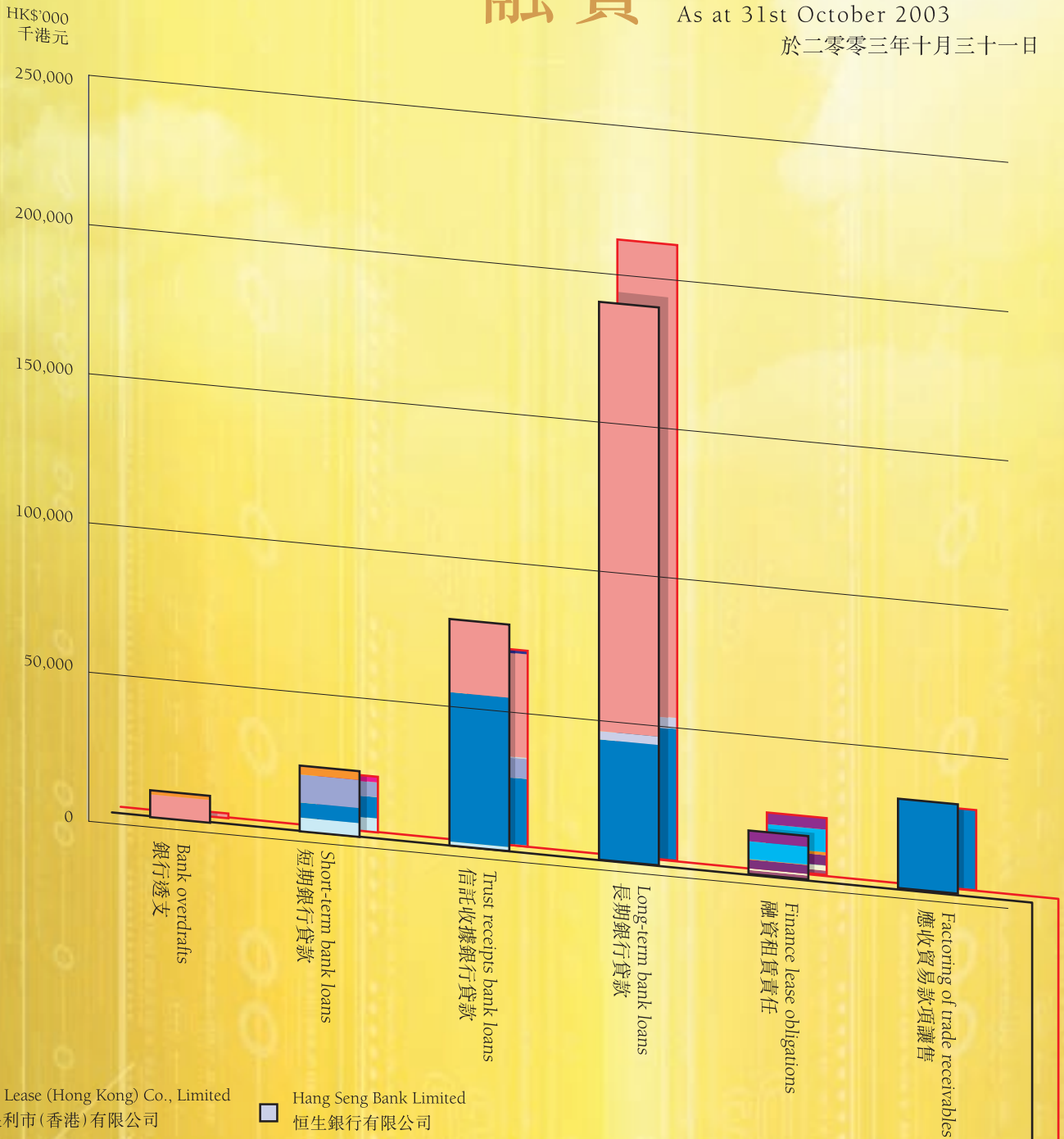
Summary

of credit facilities utilisation

融資信貸動用摘要

As at 31st October 2003

於二零零三年十月三十一日



As at 31st October 2003
於二零零三年十月三十一日

As at 31st July 2003
於二零零三年七月三十一日

- | | | |
|---|--|--|
| BOT Lease (Hong Kong) Co., Limited
東銀利市(香港)有限公司 | Hang Seng Bank Limited
恒生銀行有限公司 | Dah Sing Bank Limited
大新銀行有限公司 |
| Trilease International Limited
鼎協租賃國際有限公司 | ORIX Asia Limited
歐力士(亞洲)有限公司 | East Asia Heller Limited
東亞興萊有限公司 |
| Industrial and Commercial Bank of China
中國工商銀行 | Standard Chartered Bank
渣打銀行 | The Bank of East Asia, Limited
東亞銀行有限公司 |
| The Hongkong and Shanghai Banking Corporation Limited
香港上海滙豐銀行有限公司 | CITIC Ka Wah Bank Limited
中信嘉華銀行有限公司 | Way Chong Finance Limited
匯昌財務有限公司 |
| China Construction Bank
中國建設銀行 | DBS Bank (Hong Kong) Limited
星展銀行(香港)有限公司 | |



CEC 青訓計劃

