

The information set out below does not form part of the Accountants' Report prepared by the auditors and reporting accountants of the Company, Arthur Andersen & Co, Certified Public Accountants, Hong Kong, and Charles Chan, Ip & Fung CPA Ltd., Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included for information purposes only. Terms used in this section have the same meaning as used in the Accountants' Report.

The summary of combined results of operations of the Group for the years ended 30th June, 1999 and 2000 as set out in Section 3 of the Accountants' Report includes the results of Sinotronics Holdings Limited and its subsidiaries for the two years or since their dates of incorporation where this is a shorter period, except for Fujian Fuqiang Delicate Circuit Plate Co., Ltd. which was included from 1st July, 1998 to 18th June, 2000 as a 50 per cent. owned subsidiary and thereafter as a 90 per cent. owned subsidiary, representing the interests owned by Mr. Lin Wan Qaing, on the basis set out in Section 1 of the Accountants' Report. To provide additional financial information, set out below are the pro forma combined results of operations of the Group for the years ended 30th June, 1999 and 2000 as if the Group's 90 per cent. interest in Fujian Fuqiang Delicate Circuit Plate Co., Ltd., the interest now owned by the Group had been held since 1st July, 1998.

The pro forma combined results of operations of the Group presented below do not purport to represent what the results of operations would actually have been if the 90 per cent. interest in Fujian Fuqiang Delicate Circuit Plate Co., Ltd. now owned by the Group had been held since 1st July, 1998, or to project the results of operations for any future period and are included for information purposes only.

The pro forma combined results of operations of the Group for the year ended 30th June, 1999 are as follows:

	Per Accountants' Report	Adjustment	Pro forma	
	<i>RMB'000</i>		<i>RMB'000</i>	<i>HK\$'000</i>
Turnover	40,475		40,475	37,827
Cost of sales	<u>(24,968)</u>		<u>(24,968)</u>	<u>(23,335)</u>
Gross profit	15,507		15,507	14,492
Distribution and selling expenses	(1,260)		(1,260)	(1,178)
General and administrative expenses	<u>(7,737)</u>		<u>(7,737)</u>	<u>(7,231)</u>
Profit from operations	6,510		6,510	6,083
Subsidy	200		200	187
Interest income	2,572		2,572	2,404
Finance costs	<u>(5,464)</u>		<u>(5,464)</u>	<u>(5,107)</u>
Profit before taxation	3,818		3,818	3,567
Taxation	<u>—</u>		<u>—</u>	<u>—</u>
Profit after taxation but before minority interests	3,818		3,818	3,567
Minority interests	<u>(1,909)</u>	1,527	<u>(382)</u>	<u>(357)</u>
Profit attributable to shareholders	<u><u>1,909</u></u>		<u><u>3,436</u></u>	<u><u>3,210</u></u>

The pro forma combined results of operations of the Group for the year ended 30th June, 2000 are as follows:

	Per Accountants' Report	Adjustment	Pro forma	
	<i>RMB'000</i>		<i>RMB'000</i>	<i>HK\$'000</i>
Turnover	86,756		86,756	81,846
Cost of sales	<u>(47,816)</u>		<u>(47,816)</u>	<u>(45,109)</u>
Gross profit	38,940		38,940	36,737
Distribution and selling expenses	(2,732)		(2,732)	(2,577)
General and administrative expenses	<u>(10,793)</u>		<u>(10,793)</u>	<u>(10,183)</u>
Profit from operations	25,415		25,415	23,977
Subsidy	400		400	377
Interest income	381		381	360
Finance costs	<u>(8,708)</u>		<u>(8,708)</u>	<u>(8,215)</u>
Profit before taxation	17,488		17,488	16,499
Taxation	<u>—</u>		<u>—</u>	<u>—</u>
Profit after taxation but before minority interests	17,488		17,488	16,499
Minority interests	<u>(8,358)</u>	6,609	<u>(1,749)</u>	<u>(1,650)</u>
Profit attributable to shareholders	<u><u>9,130</u></u>		<u><u>15,739</u></u>	<u><u>14,849</u></u>