

## DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30th September 2001 to the shareholders.

## SHARE CAPITAL

On 27th September 2001, 375,900 shares of the Company were placed to an independent third party. The placement was completed in October 2001 and 375,900 shares were allotted and issued to the placee.

## DIRECTORS' INTERESTS IN SHARES

According to the register of directors' interests maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance of Hong Kong and the records of notification made to the U.K. Listing Authority pursuant to Paragraphs 16.13 to 16.17 of the Listing Rules of the Financial Services Authority in the United Kingdom, as at 30th September 2001, the directors and their associates had the following interests in the shares of the Company. All of these interests were beneficial:

Name of Director	Number of Shares			Total
	Personal Interests	Family Interests	Other Interests	
Allan WONG Chi Yun	14,906,830	3,968,683	74,101,153(i)	92,976,666
TO Cheuck Wah	1,184,674	1,065,522	—	2,250,196
William HO Mook Lam	2,081,000	337,700	—	2,418,700
Albert LEE Wai Kuen	999,332	—	—	999,332
Paddy LAW Wai Leung	138,000	—	—	138,000
Jack Kenneth HIRSCH	230,578	—	—	230,578
Edward Barry ARMSTRONG	101,607	—	—	101,607
Nils Erik Vilhelm MARTENSSON	1,521,395	—	—	1,521,395
Philip Leigh TOSE	—	—	—	—

### NOTE:

- (i) The shares were held beneficially as to 65,496,225 by Conquer Rex Limited, as to 1,416,325 by Honorex Limited and as to 7,188,603 by Twin Success Pacific Limited, which were owned by trusts, the discretionary objects of which were Mr. Allan WONG Chi Yun and members of his family.

As at 30th September 2001, Mr. William HO Mook Lam was the registered and beneficial owner of 499 Class "A" shares in VTech Electronics Canada Limited, a subsidiary of the Company.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES

Pursuant to the share option scheme adopted on 24th September 1991 (the "1991 Scheme"), the Company granted share options in favour of certain directors to subscribe for shares of the Company at prices to be determined by the board in accordance with the terms of the 1991 Scheme, the summary of which are as follows:

Name of Director	Date of grant	Exercise price US\$	Exercisable period	Number of Share Options	
				At 1st April 2001	At 30th September 2001
Paddy LAW Wai Leung	1st May 1998	US\$2.90	1st May 1998 to 30th April 2008	200,000	200,000
Jack Kenneth HIRSCH	1st May 1998	US\$2.90	1st May 1998 to 30th April 2008	100,000	100,000
Edward Barry ARMSTRONG	1st May 1998	US\$2.90	1st May 1998 to 30th April 2008	200,000	200,000

### SUBSTANTIAL SHAREHOLDINGS

According to the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the Securities (Disclosure of Interests) Ordinance of Hong Kong and the records of notification made to the U.K. Listing Authority pursuant to Paragraphs 9.11 to 9.14 of the Listing Rules of the Financial Services Authority in the United Kingdom and in so far as is known to the Company, the parties, other than those directors as abovementioned, holding a 3% or more interest in the issued share capital of the Company, together with the amount of each of such parties' interests as at 30th September 2001, were as follows:

Name of Shareholder	30th September 2001	
	Number of Shares	Percentage of Shareholding
HKSCC Nominees Limited	102,724,494	45.62%
The Capital Group Companies, Inc.	20,013,199	8.89%
HSBC Nominees (Hong Kong) Limited	13,606,965	6.04%

There were no contracts of significance with corporate substantial shareholders during the period under review.

### PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the period under review. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

### AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

The members of the Audit Committee comprised Mr. Nils Erik Vilhelm MARTENSSON (chairman) and Mr. Philip Leigh TOSE, the two independent non-executive directors of the Company.

### CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the period under review except that certain independent non-executive directors of the Company are not appointed for a specific term.