

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend to shareholders for the six months ended 30th September, 2002 (2001/2002: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

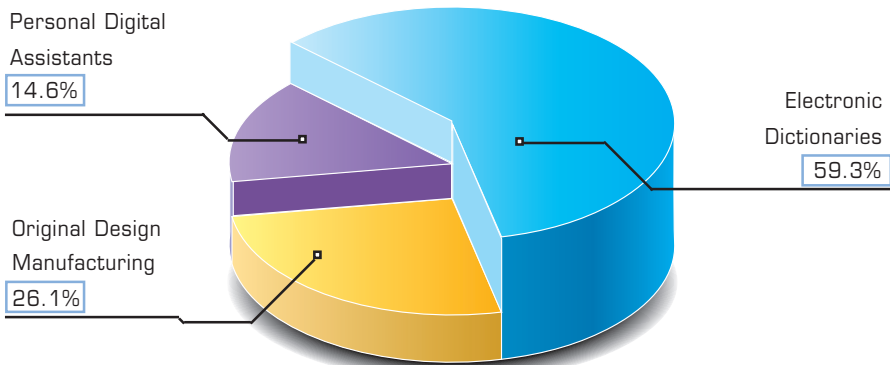
Business Review

Turnover during the six months period ended 30th September, 2002 was HK\$ 514.4 million, a 12.4% growth as compared to last year's HK\$457.5 million. All of the three business units recorded growth in turnover. Discounting the effect of sales of pager products, which has been discontinued, amounted to HK\$60.5 million in last year, the effective growth of the core business is actually 29.5%.

Profit attributable to shareholders amounted to HK\$19.4 million during the period. Loss in corresponding periods in 2001 was HK\$5.8 million. The turn-around is mainly attributable to two factors: increase in sales turnover and improvement in gross margins.

On 27th September, 2002, the Group entered into definitive agreements with a Beijing-based company to dispose of its entire interest in pager business for a consideration of HK\$30.0 million, which is to be settled by twelve equal quarterly installments commencing November 2002. The first installment was received in November. As all the assets have been fully written down in the accounts for the year ended 31st March, 2002 to HK\$30.0 million, i.e. the expected proceed, the disposal did not give rise to any material impact to the financial statements for the period under review.

ANALYSIS OF TURNOVER BY PRINCIPAL ACTIVITY



Electronic Dictionaries

With the exception of Europe and Middle East, most of the major markets saw increases in sales during the period. The Greater China region was performing very well as a result of the Group's effort and devotion in the development of sales network in mainland China which generated growth in both sales volume and market share. Prices and product quality were still subject to severe market competition in the region and the management is determined to enhance its competitive position by intensive cost control and quality improvement measures. Stable growth is also noted in the Asian markets because of strong market demand.

The new language learning functions that were added to certain new dictionary models have been proven to be a customer-delighted feature. It is particularly appealing to mainland China consumers who are enthusiastic in learning English as a foreign language in midst of China's accession to World Trade Organization and the 2008 Beijing Olympic Games. Entertainment content such as games and music are also very popular among the younger users. The management believes that electronic dictionaries are in the process of evolving into multi-purpose electronic devices that could serve to fulfill a variety of needs of different user groups.

Personal Digital Assistants ("PDA")

The global PDA experienced market adjustments over the past eighteen months. This is a result of several factors: worldwide slump of technology-related products, general economic recession and cyclical downturn after market achieving height in year 2000. Besides, consumers are awaiting new technology that could bring PDA new features and functions.

The mainland China market is no exception to this global trend. According to International Data Corporation ("IDC") September 2002, total market volume of pen-based PDA (as versus keypad-based which is negligible) in first half of year 2002 dropped by 12.5% as compared to second half of year 2001. At the same time, the Group's PDA SBU recorded remarkable growth in market share. The management attributes this phenomenal result to the SBU's leading edge in product innovation.

Unfortunately the PDA-phone products of the Group did not take-off as expected. The data-centric market was nothing near ready as there was in general a lack of initiatives from the carriers, system integrators and, most importantly, mobile phone users. The market's data service revenue models that were built on GPRS (General Packet Radio Service) have not been successfully carried out due to one reason or another. The aftermath of the technology market crackdown is also hindering the development of vertical market for data-centric service.

Original Design Manufacturing ("ODM")

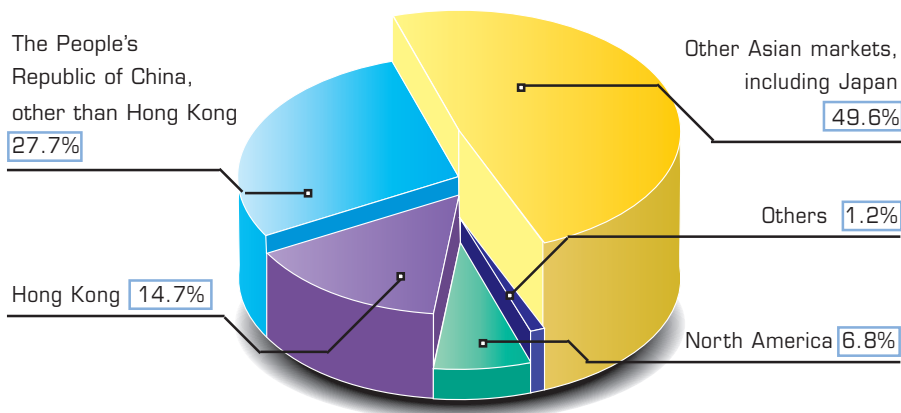
During the year the ODM business began to regain momentum after the hard time caused by the "9.11" event in year 2001. Besides, more and more multi-national corporations increased their outsourcing volume in order to pursue overhead reduction and quicker time-to-market. On the other hand, as the technology content of general consumer goods is ever increasing such that a higher value-for-money could be delivered to customers, the choice of a good ODM contractor with strong research and development and manufacturing capability is becoming very critical and the ODM SBU is well-positioned to take this advantage.

Since last year, greater emphasis was placed on strategic partnership with major customers and high quality business with a very cautious approach in new business development. The business philosophy is that building up the base for a profitable operation precedes the pursuit for sales volume.

Outlook

Global economy will continue to be shadowed by many uncertainties such as U.S. economic recession, tension in the Middle East, worldwide deflation, financial crisis in certain Latin American countries and many others. On regional level, the consumer market in mainland China will carry on its role as the main driving force, Hong Kong and Taiwan will continue to be slow while other major Asian countries will be on the up-trend. The recovery of Japan still rests heavily on the government's restructuring plans for the financial system and the banking sector.

ANALYSIS OF TURNOVER BY GEOGRAPHICAL MARKET



Electronic Dictionaries

The management believes quality is the most important attribute that enables the Group's products standing out from fellow competitors. Besides the continuous research and development to design and to implement innovative features in new models, the SBU has never reduced its effort in improving the text-to-speech and dictionary database. These two areas are particularly essential to support the SBU's plan to go for language learning. The SBU will also continue to enhance its internet-ready product range and to implement stringent cost-down measures to keep product prices competitive.

On the marketing side, the SBU plans to expand the sales network and to improve sales logistics in mainland China.

The SBU will implement a CRM (customer relations management) system in Hong Kong during the second half year as a pilot site. If it works out to be satisfactory, the system will be rolled-out to all other Group offices including mainland China. The system is one of the key actions of the SBU to live up to its commitment to customers for quality products and services.

PDA

Over the next six months, the strategy of the Group in the PDA market in mainland China will be two-fold. On one hand, further effort will be spent in the reduction of production cost of existing low-end models with a view to maximize the market share in the low end PDA market. On the other hand, more sophisticated models with colour display and built-in camera will be introduced to the market to capture the increasing demand for multi-functional PDA in the region.

In order to reduce over-reliance on one single territory and to amortize research and development cost, the Group is actively negotiating with reputable multinational corporations for licensing of third party OS (operating system) to use in the Group's overseas products. Linux OS will be the first strike.

The Group will not change its strategy for going wireless data because it is the management's vision that sooner or later data traffic will overtake voice traffic and PDA will be one of the desirable devices for such evolution. Resources will be invested in the research and development of wireless PDA or other forms of converged products such as smartphones but in a very cautious manner.

Over the next six to nine months, the Asia-Pacific PDA market will see further consolidation and PDA manufacturers will have a very difficult time. The management will strive to increase revenue through improving distribution channel and expanding sales of wireless products and continue to implement stringent control on cost and overhead. The management believes that the market will come back after consolidation and PDA will sooner or later become a critical product.

ODM

Capitalizing on its remarkable track record and strategic partnership with customers, the SBU will endeavour to further expand sales in the later half of the year. The management is also discussing new opportunities with several existing or new customers which are sizable multinational organizations having leadership positions in their respective industries.

The SBU will also continue to offer “one stop” solutions to customers, i.e. product proposal, design, development and manufacturing. This approach is proven to be highly welcome by customers for shorter lead time and better project management. On top of strong in-house research and development capability, support from components suppliers is also a critical element to make it possible.

Conclusion

In light of the many uncertainties in the global economies, the management shall continue to monitor the market situation closely and to make appropriate response. Although the Group's operation had seen some improvement, the management will endeavor to enhance the SBU's market responsiveness and operational efficiency in order to increase market competitiveness. The Directors remain cautiously optimistic of the financial performance of the Group in the financial year 2002/03.

Liquidity and Financial Resources

During the period under review, the Group had a policy to reduce bank borrowings to improve gearing ratio and to save interest expenses. Bank balances and cash amounted to HK\$139.2 million at 30th September, 2002 which is HK\$46.1 million decreased as compared to six months ago.

As a result of repayment of bank borrowings, total bank borrowings decreased from HK\$133.2 million to HK\$97.4 million, a drop of 26.9% when compared with six months ago. Majority of the bank borrowings, around 76.8% or HK\$74.8 million, are short term borrowings that are to be due within one year. The remaining HK\$22.6 million are long term borrowings that are to be due after one year.

Gearing ratio of the Group reduced from 33.6% six months ago to 23.4% at 30th September, 2002. Interest expenses for the period reduced to HK\$3.3 million from HK\$5.3 million for the corresponding period in 2001.

Disposal of a Subsidiary

In September 2002, the Group disposed of all its assets and liabilities related to the pager business to a Beijing-based company through the transfer of the entire interest in a subsidiary called CHINA ELITE Communication Company Limited ("CHINA ELITE"). As all the assets have already been written down in the accounts for the year ended 31st March, 2002 to HK\$30.0 million, i.e. the expected proceed, the disposal of CHINA ELITE did not give rise to any significant impact on the income statement of the Group for the current financial year ending 31st March, 2003.

Charges on Assets

Certain assets are pledged as security for general banking facilities granted to the Group. At 30th September, 2002, the carrying value of the assets pledged is HK\$112.9 million.

Contingent Liabilities

At 30th September, 2002, there was no trade bills discounted to banks with recourse, whilst factoring facilities with recourse amounted to HK\$4.6 million, which are together HK\$11.8 million lower than that of six months ago.

Foreign Currencies and Treasury Policy

Most of the Group's business transactions, assets and liabilities are denominated in either Hong Kong Dollars, United States Dollars or China Renminbi. A small portion of the Group's purchases of raw material is denominated in Japanese Yens. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group does not engage in interest rate or foreign currency speculative activities.

Employees

At 30th September, 2002, the Group has on its payroll 243 (2001: 221) employees in Hong Kong, 3,820 (2001: 3,615) in Mainland China and 84 (2001: 99) in Singapore representing increases of about 10.0% and 5.7% and a decrease of 15.2% respectively when compared with prior year. In addition to salary payment and normal fringe benefits such as annual leave, medical insurance and provident fund, the Group also has Share Incentive Plans for executive directors and senior staff.

Appreciation

On behalf of the Board of Directors, I wish to thank our shareholders, customers, suppliers and bankers for their continuing support to the Group and to extend my appreciation to all members of staff for their dedication and contribution throughout the period.

DIRECTORS' INTERESTS IN SECURITIES

At 30th September, 2002, the interests of the Directors and their associates in the issued share capital of the Company and its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance and in the share options of the Company were as follows:

Name of Director	Nature of interests	Number of ordinary shares held			Total
		Personal interests	Family interests	Other interests	
Tam Wai Ho, Samson	<i>Note 1</i>	4,000,000	-	537,877,118	541,877,118
Tam Wai Tong, Thomas	<i>Note 1</i>	7,000,000	-	537,877,118	544,877,118
Tam Mui Ka Wai, Vivian	<i>Note 1</i>	1,500,000	-	537,877,118	539,377,118
Lo Chi Chung, William		2,150,000	-	-	2,150,000
Lee Koon Hung		926,000	450,000	-	1,376,000
Yung Wing Ki, Samuel MH		730,000	-	-	730,000

Note:

- The 537,877,118 shares are registered in the name of Earnmill Holdings Limited, a company ultimately beneficially owned by The Samson 1992 Trust and The Thomas 1992 Trust in equal shares. The Samson 1992 Trust is a discretionary trust, the discretionary beneficiaries of which include Mr. Tam Wai Ho, Samson and Mrs. Tam Mui Ka Wai, Vivian. The Thomas 1992 Trust is a discretionary trust, the discretionary beneficiaries of which include Mr. Tam Wai Tong, Thomas and Mrs. Tam Ng Lai Yuen, Jocelyn (spouse of Mr. Tam Wai Tong, Thomas).

Mr. Tam Wai Ho, Samson and Mr. Tam Wai Tong, Thomas hold non-voting deferred shares in Group Sense Limited, a subsidiary of the Company.

The interests of the Directors and their associates in the share options granted by the Company are set out in the section "Share Options".

Save as disclosed above, and other than certain nominee shares in subsidiaries held by Directors in trust for the Group, at 30th September, 2002 (i) none of the Directors or their associates had any personal interests, family interests, corporate interests or other interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance; and (ii) none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SHARE OPTIONS

Pursuant to the Share Option Scheme adopted on 8th January, 1993 (the "Old Scheme"), the Board of Directors might at their discretion grant options to directors and employees of the Company and its subsidiaries, to subscribe for shares of the Company. The Old Scheme will expire on 8th January, 2003.

In view of the short remaining life of the Old Scheme and the amendments to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company adopted a new share incentive plan (the "New Scheme") and terminated the Old Scheme at the special general meeting held on 2nd April, 2002. In addition, a share incentive plan for each of Group Sense PDA Holdings Limited and Group Sense Technology (Singapore) Pte Limited, subsidiaries of the Company, were also adopted. The Company can only grant options under the New Scheme, but options grant under the Old Scheme will continue to be valid and exercisable until 7th January, 2003.

The following table discloses movements in the Company's share options during the period ended 30th September, 2002:

Directors	Option grant date	Outstanding at 1st April, 2002	Number of options movement during the period				Outstanding at 30th September, 2002
			Granted	Exercised	Cancelled	Lapsed	
Tam Wai Ho, Samson	20.3.1998	2,500,000	-	-	-	-	2,500,000
	4.6.1999	800,000	-	-	-	-	800,000
	22.3.2000	800,000	-	-	-	-	800,000
	27.8.2001	1,000,000	-	-	-	-	1,000,000
	12.8.2002	-	1,000,000 [#]	-	-	-	1,000,000 [#]
Tam Wai Tong, Thomas	20.3.1998	2,500,000	-	-	-	-	2,500,000
	4.6.1999	800,000	-	-	-	-	800,000
	22.3.2000	800,000	-	-	-	-	800,000
	27.8.2001	1,000,000	-	-	-	-	1,000,000
	12.8.2002	-	1,000,000 [#]	-	-	-	1,000,000 [#]
Tam Mui Ka Wai, Vivian	20.3.1998	1,000,000	-	-	-	-	1,000,000
	4.6.1999	500,000	-	-	-	-	500,000
	22.3.2000	500,000	-	-	-	-	500,000
	27.8.2001	400,000	-	-	-	-	400,000
	12.8.2002	-	400,000 [#]	-	-	-	400,000 [#]
Lo Chi Chung, William	20.3.1998	500,000	-	-	-	-	500,000
	4.6.1999	500,000	-	-	-	-	500,000
	22.3.2000	500,000	-	-	-	-	500,000
	27.8.2001	1,800,000	-	-	-	-	1,800,000
	12.8.2002	-	1,000,000 [#]	-	-	-	1,000,000 [#]

Directors	Option grant date	Number of options movement during the period					Outstanding at 30th September, 2002
		Outstanding at 1st April, 2002	Granted	Exercised	Cancelled	Lapsed	
Kazuhiro Otani	5.5.1997	2,500,000	-	-	-	-	2,500,000
	20.3.1998	2,500,000	-	-	-	-	2,500,000
	4.6.1999	500,000	-	-	-	-	500,000
	22.3.2000	500,000	-	-	-	-	500,000
	27.8.2001	1,000,000	-	-	-	-	1,000,000
	12.8.2002	-	1,000,000 [#]	-	-	-	1,000,000 [#]
Lee Koon Hung (note 1)	24.2.1997	450,000	-	-	-	-	450,000
	20.3.1998	1,200,000	-	-	-	-	1,200,000
	4.6.1999	700,000	-	-	-	-	700,000
	22.3.2000	700,000	-	-	-	-	700,000
	27.8.2001	1,300,000	-	-	-	-	1,300,000
	12.8.2002	-	1,400,000 [#]	-	-	-	1,400,000 [#]
Fok Ting Yeung, James	4.6.1999	500,000	-	-	-	-	500,000
	22.3.2000	500,000	-	-	-	-	500,000
	27.8.2001	400,000	-	-	-	-	400,000
	12.8.2002	-	400,000 [#]	-	-	-	400,000 [#]
Total (Directors)		28,650,000	6,200,000[#]	-	-	-	34,850,000
Employees	24.2.1997	300,000	-	-	-	-	300,000
	20.3.1998	1,300,000	-	-	-	-	1,300,000
	4.6.1999	1,610,000	-	-	(120,000)	-	1,490,000
	13.9.1999	150,000	-	-	-	-	150,000
	22.3.2000	3,990,000	-	-	(160,000)	-	3,830,000
	27.8.2001	5,590,000	-	-	(200,000)	-	5,390,000
	12.8.2002	-	5,035,000 [#]	-	-	-	5,035,000 [#]
Total (Employees)		12,940,000	5,035,000[#]	-	(480,000)	-	17,495,000
Grand Total		41,590,000	11,235,000[#]	-	(480,000)	-	52,345,000

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price HK\$
24.2.1997	24.2.1997 – 26.1.1998	27.1.1998 – 7.1.2003	0.32
5.5.1997	5.5.1997 – 7.4.1998	8.4.1998 – 7.1.2003	0.49
20.3.1998	20.3.1998 – 5.2.1999	6.2.1999 – 7.1.2003	0.39
4.6.1999	4.6.1999 – 21.4.2000	22.4.2000 – 7.1.2003	0.38
13.9.1999	13.9.1999 – 12.8.2000	13.8.2000 – 7.1.2003	0.47
22.3.2000	22.3.2000 – 7.2.2001	8.2.2001 – 7.1.2003	0.65
27.8.2001	27.8.2001 – 12.7.2002	13.7.2002 – 7.1.2003	0.21
12.8.2002	12.8.2002 – 16.6.2003	17.6.2003 – 16.6.2008	0.25

Notes:

1. The wife of Mr. Lee Koon Hung, who is also an employee of the Company, was granted options of the Company. At 30th September, 2002, 400,000 options of Mrs. Lee were included under the interests in options of Mr. Lee Koon Hung set out above.

The options were granted under the New Scheme.

The closing price of the Company's shares immediately before the date of grant on 12th August, 2002 was HK\$0.166.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the share options are exercised, and no charge is recorded in the income statement or balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account.

The fair value of the share options granted during the six months period ended 30th September, 2002 is not disclosed in this interim report because the Directors consider it adequate to disclose such information once every year in the annual report of the Company. Besides, the Directors believe annual disclosure in the annual report would be most beneficial to the Company in view of the significant cost associated with such a disclosure.