

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2003

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim results for the six months ended 30 September 2003 have been prepared in accordance with SSAP No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants (the "HKSA") and Appendix 16 of the Listing Rules.

The accounting policies adopted and methods of computation used in the preparation of the interim report are consistent with those used in the Group's annual financial statements for the year ended 31 March 2003 except that the revised SSAP 12 ("Income Taxes") issued by the HKSA have been adopted for the first time in the preparation of the current period's condensed consolidated financial statements.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax, SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The revised SSAP has had no major impact on the condensed consolidated financial statements.

2. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) the LCD products segment consisted of the manufacture and sale of LCD and LCD modules; and
- (b) the LCD consumer products segment consists of the manufacture and sale of electronic products.

In determining the Group's geographical segment, turnover and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.



2. SEGMENT INFORMATION *(Continued)*

(a) Business segments

The following tables present turnover, results, asset and liability information for the Group's business segments.

Group	LCD products		LCD consumer products		Consolidated	
	Unaudited		Unaudited		Unaudited	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover	37,704	3,785	4,989	-	42,693	3,785
Segment results	(3,230)	278	(899)	-	(4,129)	278
Other revenue					832	5,595
Other operating expenses					-	(2,219)
Reduction in provision for net amounts due to subsidiaries not consolidated					-	148,849
Reduction in provision for indemnified liabilities of subsidiaries not consolidated					-	180,734
(Loss)/profit from operating activities					(3,297)	333,237
Finance costs					(247)	(88)
(Loss)/profit before taxation					(3,544)	333,149
Taxation					-	-
Net (loss)/profit attributable to shareholders					(3,544)	333,149

2. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

Group	LCD products		LCD consumer products		Consolidated	
	30 September	31 March	30 September	31 March	30 September	31 March
	2003	2003	2003	2003	2003	2003
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	161,680	153,737	18,222	2,817	179,902	156,554
Total assets					179,902	156,554
Segment liabilities	30,539	33,308	5,379	1,633	35,918	34,941
Unallocated liabilities					2,499	7,114
Total liabilities					38,417	42,055

(b) Geographical segments

No geographical segmental information was disclosed as the Group's turnover and results are attributable mainly from Asia based customers, while the assets are mainly located in the PRC.

3. TURNOVER

Turnover represents the invoiced value of goods sold during the period and net of trade discounts and returns.

4. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	Unaudited Six months ended 30 September	
	2003 HK\$'000	2002 HK\$'000
Cost of sales	39,625	3,131
Depreciation	2,123	241
Operating lease rentals in respect of land and buildings	752	-
Staff costs	3,272	280



5. FINANCE COSTS

	Unaudited Six months ended 30 September	
	2003 HK\$'000	2002 HK\$'000
Interests	247	88

6. TAXATION

No provision for Hong Kong profits tax and overseas tax have been made as the Group did not have any assessable profits for the period.

7. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the Group's unaudited net loss attributable to shareholders for the six months ended 30 September 2003 of HK\$3,544,000 (2002: net profit of HK\$333,149,000) and the weighted average number of 49,288,571 shares (2002: 6,164,480 shares (restated), adjusted to reflect the share consolidation during the period).

The calculation of the diluted earnings per share is based on the Group's unaudited net loss attributable to shareholders for the six months ended 30 September 2003 of HK\$3,544,000 (2002: net profit of HK\$333,149,000) and the weighted average number of 49,703,530 shares (2002: 10,262,842 shares (restated), adjusted to reflect the share consolidation during the period).

8. TRADE RECEIVABLES

The Group allows an average credit period of 30 days to 60 days to its trade customers. An aged analysis of trade receivables is as follows:

	30 September 2003 (Unaudited) HK\$'000	31 March 2003 (Audited) HK\$'000
Trade receivables		
Current – 30 days	6,412	2,460
31 – 60 days	4,910	183
61 – 90 days	2,952	634
Over 90 days	1,379	188
	15,653	3,465



9. TRADE AND OTHER PAYABLES

An aged analysis of trade payables is as follows:

	30 September 2003 (Unaudited) HK\$'000	31 March 2003 (Audited) HK\$'000
Trade payables		
Current – 30 days	8,838	2,094
31 – 60 days	252	538
61 – 90 days	1,504	146
Over 90 days	31	7
	<hr/>	<hr/>
	10,625	2,785
Other payables	3,495	4,318
	<hr/>	<hr/>
	<u>14,120</u>	<u>7,103</u>

10. CONVERTIBLE NOTES

During the period under review, the remaining balances of HK\$20.5 million convertible notes were fully converted into shares.



11. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Amount HK\$
AUTHORISED			
Ordinary shares of HK\$0.001 each at 30 September 2003 and 31 March 2003		<u>40,000,000,000</u>	<u>40,000,000</u>
ISSUED AND FULLY PAID			
At 1 April 2003			
Ordinary shares of HK\$0.001 each		12,655,000,000	12,655,000
Conversion of the convertible notes	(i)	5,125,000,000	5,125,000
Issue of new shares	(ii)	<u>2,056,000,000</u>	<u>2,056,000</u>
		19,836,000,000	19,836,000
Reduced due to share consolidation	(iii)	<u>(19,786,410,000)</u>	-
Ordinary shares of HK\$0.4 each		49,590,000	19,836,000
Reduced due to capital reduction	(iv)	<u>-</u>	<u>(19,786,410)</u>
Ordinary shares of HK\$0.001 each		49,590,000	49,590
Issue of new shares	(v)	<u>9,918,000</u>	<u>9,918</u>
At 30 September 2003			
Ordinary shares of HK\$0.001 each		<u>59,508,000</u>	<u>59,508</u>



11. SHARE CAPITAL *(Continued)*

During the period, the following movements in share capital were recorded:

(i) Conversion of the convertible notes

5,125,000,000 shares of HK\$0.001 each were issued pursuant to the conversion of the remaining balance of HK\$20.5 million convertible notes at HK\$0.004 per share.

(ii) Issue of new shares

Pursuant to the subscription agreement dated 3 June 2003, 2,056,000,000 new shares of HK\$0.001 each were issued at HK\$0.003 per share for cash consideration of HK\$6,168,000.

(iii) Share consolidation

Every 400 shares were consolidated into 1 share of HK\$0.4 each.

(iv) Capital reduction

The par value of each of the consolidated shares was reduced by HK\$0.399 to HK\$0.001. The total credit arising from the capital reduction was credited to the contributed surplus account of the Company.

(v) Issue of new shares

Pursuant to the subscription agreement dated 19 August 2003, 9,918,000 new shares of HK\$0.001 each were issued at HK\$0.4 per share for cash consideration of HK\$3,967,200.

12. COMPARATIVE FIGURES

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