Highlights

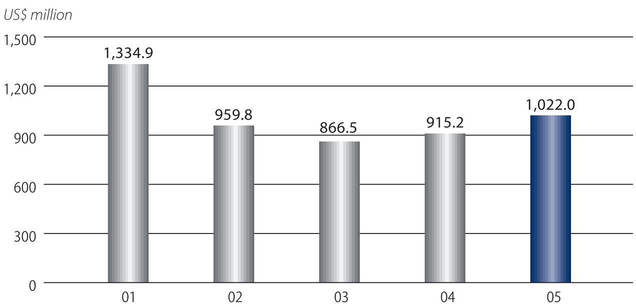
- Group revenue increased by **11.7%** to **US$1,022.0 million**
- Profit attributable to shareholders* increased by **22.9%** to **US$56.9 million**
- Final dividend of **US12.0** cents per ordinary share, total dividend for the year up **30.0%**
- Strong rebound in electronic learning products business
- Outperformance by contract manufacturing services business
- Unsatisfactory results of telecommunication products business in the United States
- Rationalisation of the telecommunication products business contributing to more efficient operations

** including US$6.7 million non-recurring income arising from settlement of an indemnification claim*

Revenue

For the year ended 31st March 2005, the Group reported a revenue of US$1,022.0 million, representing a growth of US$106.8 million or 11.7% over the previous financial year. In contrast to the severe challenges faced by the telecommunication products business in the US market, the ELP business recorded substantial growth with a 115.1% year on year increase in revenue to US$281.1 million. The growth was attributable to the success of its revamped product lines, in particular the exceptionally strong demand for the new V.Smile TV Learning System.

Group Revenue in Last 5 Years



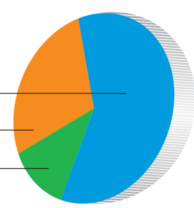
The revenue from the telecommunication products business declined by 10.9% to US$612.5 million due to underperformance in the US market, although the situation was partly alleviated by further progress in its development of the European market, where sales increased by 102.2% over the previous financial year.

For the CMS business, revenue increased by 32.0% over the previous financial year, reaching US$128.4 million as a result of strong demand from existing customers and its ability to offer comprehensive R&D services to customers. The rise in revenue was mainly driven by the power supply and professional audio equipment segments.

The Group's revenue continues to derive from the three core businesses as follows: 59.9% from telecommunication products, 27.5% from ELP and 12.6% from CMS.

Group Revenue by Product Line

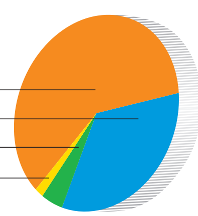
	%	2005 US$ million
Telecommunication Products	59.9	612.5
Electronic Learning Products	27.5	281.1
Contract Manufacturing Services	12.6	128.4
Total	100.0	1,022.0



North America continues to be the largest market for the Group. Revenue from this market accounted for 60.8% of the Group revenue for the financial year 2005. Europe and Asia Pacific accounted for 32.9% and 4.5% respectively.

Group Revenue by Region

	%	2005 US$ million
North America	60.8	621.1
Europe	32.9	336.0
Asia Pacific	4.5	45.9
Others	1.8	19.0
Total	100.0	1,022.0



Gross Profit/Margin

The gross profit for the financial year 2005 was US$328.8 million, an increase of US$47.5 million compared to the US$281.3 million gross profit recorded in the previous financial year. Gross margin for the year improved from 30.7% to 32.2%. The increase in gross margin was due to the change in sales mix, the success of the V.Smile TV Learning System and management effort in controlling overheads.

Operating Profit

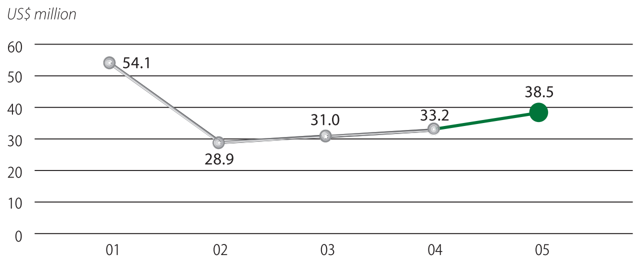
The operating profit for the year ended 31st March 2005 was US$62.7 million, an increase of US$13.2 million over the previous financial year. Current year's operating profit included non-recurring income arising from settlement of an indemnification claim amounted to US$6.7 million. Excluding such income, the operating profit increased by US$6.5 million, or 13.1%. This improvement mainly came from improved gross profit and gross margin.

Selling and distribution costs increased by 21.2% from US$150.7 million in the previous financial year to US$182.6 million in the financial year 2005, owing to increased spending on advertising and promotional activities to foster sales of new products, as well as an increase in royalty payments to licensors for the use of popular cartoon characters for certain ELPs and V.Smile Smartridges. Distribution costs also increased in response to the increased volume of products sold. Administrative and other operating expenses increased from US$47.9 million in the previous financial year to US$51.7 million in the financial year 2005, representing an increase of 7.9%. These expenses included additional expenditure related to the implementation of a new global enterprise resources planning system to enhance supply chain and management processes. Nevertheless, the amount of administrative and other operating expenses as percentage of Group revenue slightly decreased from 5.2% in the previous financial year to 5.1% in the financial year 2005.

During the financial year 2005, the appreciation of the Euro, Sterling, Canadian dollar and other currencies against the US dollar gave rise to a net exchange gain of US$3.3 million, compared to a net exchange gain of US$5.0 million in the previous financial year. In the first half of the financial year 2005, the Group disposed of its Mexican factory and entities that were acquired in 2000, as part of Lucent's Wired Consumer Phones Business. The Group realised a gain of US$1.8 million from these transactions.

Research and development activities are vital for the long-term development of the Group. During the financial year 2005, the Group spent US$38.5 million on research and development activities, which represented around 3.8% of total Group revenue.

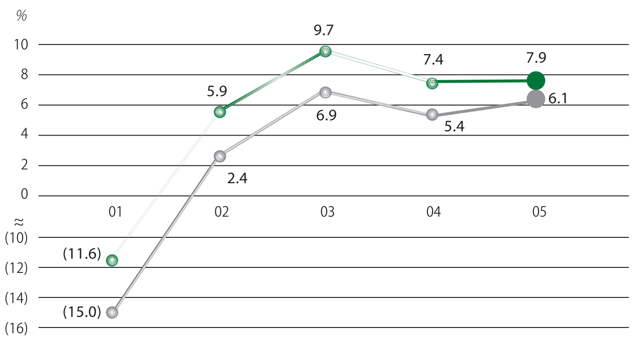
R&D Expenditure on Core Businesses in Last 5 Years



Net Profit and Dividends

The profit attributable to shareholders for the year ended 31st March 2005 was US$56.9 million, an increase of US$10.6 million as compared to the previous financial year. There were non-recurring receipts of US$6.7 million arising from settlement of an indemnification claim during the financial year 2005. The ratio of EBIT and EBITDA to revenue was 6.1% and 7.9% respectively.

EBITDA/Revenue in Last 5 Years   EBIT/Revenue in Last 5 Years



Basic earnings per share for the year ended 31st March 2005 was US25.2 cents as compared to US20.5 cents in the previous financial year. During the year, the Group declared and paid an interim dividend of US1.0 cent per share, which aggregated to US$2.3 million. The Board of Directors has proposed a final dividend of US12.0 cents per share, which will aggregate to US$27.3 million. Total dividend for the year amounts to US13.0 cents per share, representing an increase of US3.0 cents per share or 30.0% from the previous year.

Liquidity and Financial Resources

The shareholders' funds as at 31st March 2005 were US$203.3 million, a 25.0% increase from US$162.6 million reported for the financial year 2004. The net assets per share increased by 25.0% from US72.1 cents to US90.1 cents.

As at 31st March 2005, the net cash increased to US$123.7 million, up 20.6% from US$102.6 million at the previous year-end. The Group is substantively debt-free, except for certain interest bearing liabilities amounting to US$0.2 million, of which US$0.1 million is repayable within one year and US$0.1 million is repayable within five years. The Group's borrowings are denominated in Euro and United States dollar and are on a fixed-rate basis. An amount of US$0.1 million of the total gross interest bearing liabilities is secured against equipment.

As at 31st March 2005 and 2004 All figures are in US$ million unless stated otherwise	2005	2004
Cash	123.9	105.2
Less: Total interest bearing liabilities	(0.2)	(2.6)
Net cash position	123.7	102.6
Gross debts to shareholders' funds	0.1%	1.6%

Treasury Policies

The objective of the Group's treasury policies is to manage its exposure to fluctuation in foreign currency exchange rates arising from the Group's global operations. It is our policy not to engage in speculative activities. Forward foreign exchange contracts are used to hedge certain exposures.

Working Capital

The stock balance as at 31st March 2005 increased by 29.2% over the balance at 31st March 2004 to US$124.2 million. The turnover days increased from 69 days to 78 days. The increase in stock level was primarily to cater for the increased demand for ELPs and V. Smile in the first quarter of the financial year 2006. The stock balance in relation to other businesses remained at a similar level to the previous financial year. The trade debtors balance as at 31st March 2005 was US$162.3 million, an increase of 18.0% as compared to that reported for the previous financial year. The turnover days increased from 60 days in the previous financial year to 65 days in the financial year 2005. The increase in trade debtors was mainly due to an increase in sales at the ELP business in the fourth quarter of the financial year 2005 compared to the same period of the previous financial year, despite a decrease in sales at the telecommunication products business for the same period.

As at 31st March 2005 and 2004 All figures are in US$ million unless stated otherwise	2005	2004
Stocks	124.2	96.1
Average stocks as a percentage of Group revenue	10.8%	9.8%
Turnover days	78 days	69 days
Trade debtors	162.3	137.6
Average trade debtors as a percentage of Group revenue	14.7%	14.2%
Turnover days	65 days	60 days

Capital Expenditure

For the year ended 31st March 2005, the Group invested US$21.5 million in plant, machinery, equipment, computer systems and other tangible assets. All of these capital expenditures were financed from internal resources.

Capital Commitments and Contingencies

In the previous financial year, the Group had committed to the implementation of a new global enterprise resources planning system to enhance the supply chain management. Most of the investment was incurred during the financial year 2005 and was financed from internal resources.

The Group expects to invest approximately US$48 million on capital expenditure in the financial year 2006. During the financial year 2005, the Group decided to establish a new manufacturing plant in Qingyuan city in the northern part of Guangdong province. The plant is expected to start operation in the fourth quarter of the calendar year 2005 and the capital investment for the new plant in the financial year 2006 is estimated at approximately US$22 million. It will be financed from internal resources.

As of the financial year end date, the Group had no material contingencies.

Employees

As at 31st March 2005, the Group had approximately 22,700 employees, an increase of 15.2% from 19,700 in the previous financial year. Employee costs for the year ended 31st March 2005 were approximately US$107 million, as compared to US$99 million in the financial year 2004. The increase in the number of employees was mainly in response to the sales increase at the ELP and CMS businesses.

The Group has established an incentive bonus scheme and a share option scheme for its employees, in which the benefits are determined based on the performance of the Group and individual employees.

Number of Employees As at 31st March 2005 and 2004	2005	2004
Manufacturing	21,000	18,200
Non-manufacturing	1,700	1,500
Total employees at year end	22,700	19,700
Average for the year	23,400	18,700