Notes:

1. Basis of preparation and accounting policies

The Directors are responsible for the preparation of the Group's unaudited interim financials. The unaudited interim financials have been prepared in accordance with the new Hong Kong Financial Reporting Standards ("HKFRS"), which also include Hong Kong Accounting Standards ("HKAS") and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"), and accounting principles generally accepted in Hong Kong.

The HKICPA has issued a number of new or revised HKAS and HKFRS (herein collectively referred to as "new HKFRSs") which are generally effective for accounting periods beginning on or after January 1, 2005. The principal accounting policies adopted in preparing these financial statements are consistent with those adopted in the Group's annual audited consolidated financial statements for the year ended March 31, 2005 except for those mentioned below.

(a) Share-based Payments

In the current period, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognize the financial effect of these share options until they were exercised. HKFRS 2 has been applied retrospectively for share options granted to employees after November 7, 2002 and had not yet vested on April 1, 2005. Following the adoption of this accounting policy, the opening balance on the Group's revenue reserve at April 1, 2005 has been decreased by HK$0.4 million (April 1, 2004: HK$0.1 million). In addition, the amount of employee share-based expenses of approximately HK$0.2 million were charged to the income statement for the six months ended at September 30, 2005 (2004: nil).

(b) Business Combinations

In the current period, the Group has applied HKFRS 3 "Business Combinations" which is effective for business combinations for which agreement date is on or after April 1 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Goodwill

In previous periods, goodwill arising on acquisitions was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. With respect to goodwill previously capitalised on the balance sheet, the Group has discontinued amortising such goodwill from April 1, 2005 onwards and goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after April 1, 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. Following the adoption of this accounting policy, the Group's profit for the six months ended September 30, 2005 increased by HK$0.8 million as no amortisation of goodwill has been charged in the current period. Comparative figures for 2004 have not been restated.

(c) Financial Instruments

In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after January 1, 2005, generally not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Financial assets and financial liabilities other than debt and equity securities

From April 1, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of Statement of Standard Accounting Practice 24) in accordance with the requirements of HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method.

Derivatives and hedging

From April 1, 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit and loss for the period in which they arise.

The Group has not early applied the new HKFRSs that have been issued but not yet effective. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the financial statements of the Group.

2. Segment information

An analysis of the Group's turnover and contribution to profit from operations by each principal business activity is as follows:

	Turnover Six months ended September 30,		Contribution to (loss) profit from operations Six months ended September 30,	
	2005	2004	**2005**	2004
	HK$'m	*HK$'m*	***HK$'m***	*HK$'m*
Sales and manufacture of:				
LCD Consumer Electronic Products	**475.2**	537.3	**(25.0)**	93.1
Telecommunication Products	**147.1**	327.6	**(40.1)**	24.5
Digital Media Products	**211.9**	184.6	**(116.7)**	(25.7)
Electronic Learning Products	**360.3**	291.5	**11.7**	37.3
Other consumer electronic products	**2.5**	5.0	**(1.0)**	2.4
	1,197.0	1,346.0	**(171.1)**	131.6
Interest income			**3.6**	11.0
Unallocated corporate expense			**(3.9)**	(0.5)
(Loss) profit from operations			**(171.4)**	142.1

An analysis of the Group's turnover by geographical market is as follows:

	Turnover Six months ended September 30,	
	2005	2004
	HK$'m	*HK$'m*
Americas	**527.2**	596.7
Europe	**412.8**	472.8
Asia Pacific	**257.0**	276.5
	1,197.0	1,346.0

3. (Loss) profit from operations

	Six months ended September 30, 2005 HK$'m	2004 HK$'m
(Loss) profit from operations has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	**35.0**	29.6
Amortisation of intangible assets	**32.1**	19.8
Loss on disposal of property, plant and equipment	**2.4**	2.5
and after crediting:		
Interest income	**3.6**	11.0

4. Taxation

The credit (charge) consists of:

	Six months ended September 30, 2005 HK$'m	2004 HK$'m
Hong Kong Profits Tax	**(7.6)**	(16.5)
Tax in other jurisdictions	**0.1**	(4.7)
Deferred taxation credit	**15.1**	21.4
	7.6	0.2

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the period. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

With regard to the protective assessments (the "Protective Assessments") relating to years of assessment from 1999/00 to 2003/04 that were raised to one of the Group's subsidiaries on its offshore tax claim, the Group, with the advice from its tax advisor, is in the process to agree on an appropriate basis of settlement with the Hong Kong Inland Revenue Department (the "HKIRD"). The Directors have been advised by its tax advisor, based on the subsidiary's current mode of operation, the HKIRD should conclude that no profits tax is in fact payable by the subsidiary in question and no provision for profits tax in respect of the Protective Assessments will be necessary. No provision for Hong Kong Profits Tax had been made in the financial statements of the Group for the first half of FY2005/06 in respect of the Protective Assessments. The Group cannot predict when this issue will be resolved and further announcement will be made once an appropriate basis of settlement has been agreed with the HK IRD and the extent of tax liability has become transpired.

5. Interim dividend

The Directors have resolved not to declare any interim dividend for the period (2005: 3.0 HK cents per share in cash).

6. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended September 30, 2005 HK$'m	Six months ended September 30, 2004 HK$'m
Net (loss) profit for the period attributable to shareholders and earnings for the purposes of basic earnings per share	**(184.2)**	105.1
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profits of a subsidiary based on dilution of its earnings per share	**–**	–
Earnings for the purpose of diluted earnings per share	**(184.2)**	105.1
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,085,007,328**	2,084,119,306
Effect of dilutive potential ordinary shares:		
Share options	**1,465,338**	3,529,979
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,086,472,666**	2,087,649,285

7. Trade and other receivables

The Group allows its trade customers a credit period normally ranging from letter of credit at sight to 30 days. A longer credit period of 45 to 60 days is granted to a few customers with long business relationship and strong financial position.

The following is an aged analysis of trade receivables at the reporting date:

	At September 30, 2005 HK$'m	At March 31, 2005 HK$'m
Not yet due	**397.5**	287.9
Overdue less than 31 days	**67.3**	32.4
Overdue 31 to 90 days	**18.5**	19.8
Overdue more than 90 days	**3.3**	12.5
	486.6	352.6
Other receivables	**156.1**	112.4
	642.7	465.0

8. Trade and other payables

The following is an aged analysis of trade payables at the reporting date:

	At September 30, 2005 HK$'m	At March 31, 2005 HK$'m
Not yet due	**108.3**	140.9
Overdue less than 31 days	**44.1**	50.6
Overdue 31 to 90 days	**21.3**	6.5
Overdue more than 90 days	**7.5**	6.8
	181.2	204.8
Other payables	**416.1**	216.7
	597.3	421.5

9. Share capital

	Number of shares	Amount HK$'m
At April 1, 2005	2,084,725,907	208.5
Issue of shares on the exercise of share options	500,000	–
At September 30, 2005	2,085,225,907	208.5

10. Contingent liabilities

At September 30, 2005, the Group had no contingent liabilities (2004: nil).