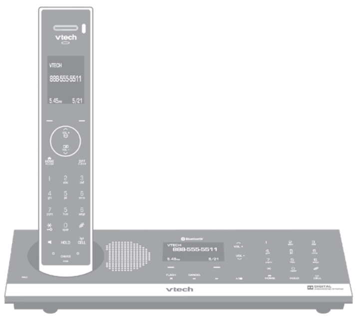
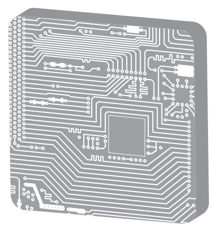




VTech Holdings Ltd HKSE : 303

2011/2012

INTERIM REPORT 中期報告書

for the six months ended 30 September 2011
截至二零一一年九月三十日止六個月

I am pleased to report that despite the challenging economic conditions, VTech achieved higher revenue in the first half of the financial year 2012 as both North America and Europe reported growth during the period.

RESULTS AND DIVIDEND

Group revenue for the six months ended 30 September 2011 rose by 5.4% over the same period last year to US$858.1 million. This was mainly owing to higher revenue in Europe for all product lines, and the good performance of Contract Manufacturing Services (CMS) in North America.

Profit attributable to shareholders of the Company declined by 5.4% to US$88.5 million. The decrease in profit was mainly due to higher cost of materials, further increases in labour costs and the continuing appreciation of the Renminbi. As a result, basic earnings per share fell to US35.6 cents in the first half of the financial year 2012, from US37.8 cents in the first half of the financial year 2011.

The Board of Directors (the Board) has declared an interim dividend of US16.0 cents per ordinary share, which is the same as the dividend paid in the corresponding period last year.

OPERATIONS

Although we managed to achieve top line growth for the period, rising costs continued to pose the biggest challenge to the Group. Year-on-year, higher raw materials prices were compounded by further wage increases in China and Renminbi appreciation. These factors pressured gross margin and resulted in lower profit attributable to shareholders of the Company for the period. In response, we have raised prices, as well as stepped up our cost reduction and efficiency enhancement efforts.

SEGMENT RESULTS

North America

Group revenue in North America rose by 2.3% to US$431.2 million in the first half of the financial year 2012. The increase was mainly due to higher revenue from CMS, which offset a slight decrease in revenue from Telecommunication (TEL) products and Electronic Learning Products (ELPs). North America remains the largest market for the Group, accounting for 50.2% of Group revenue.

During the period, revenue from TEL products declined by 0.7% to US$220.2 million. The decrease reflects the maturity of the US home cordless phone market and the low level of new housing starts. Despite this, our corded and cordless phones, selling under the VTech and AT&T brands, maintained the number one position in the market[1], as we were able to introduce products with superior design and functionality.

We also made good inroads into the new growth area of the small to medium sized business (SMB) and hotel phone segments, although their contributions to our overall North American TEL sales remains small. Our micro business system, SynJ®, sold especially well as we reached out to more e-retailers. During the period, we also started shipping our first hotel phones to major hotel chains.

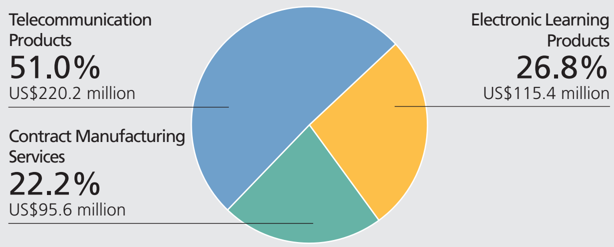
Revenue from our ELPs in North America was US$115.4 million in the first half of the financial year 2012, a decrease of 2.8% compared with same period last year.

This slight decline was primarily due to lower shipment of V.Reader®, reflecting comparisons with strong sales from last year's early summer launch campaign. Our new platform product InnoTab™, an educational tablet for children, was launched for online pre-order in August. This exciting addition to our range has been well received and is included in the Toys "R" Us Holiday Hot Toy List. However, as it did not reach retailers' shelves until mid October, the majority of InnoTab revenue has not been recognised in the first half.

Revenue from standalone products during the period was flat compared to the previous financial year. As retailers worked off carried-over inventory from Spring, shipment of infant products was lower than the same period last year. This was counter-balanced by higher sales of pre-school products, as we entered the Fall store set with a wider listing.

CMS revenue in North America rose by 17.9% during the first half of the financial year 2012 to US$95.6 million. Professional audio equipment was a major growth driver, boosted by more orders from both existing and new customers. Higher sales of telecommunication products and commercial solid state lighting also supported growth.

Revenue in North America by Product Line
for the six months ended 30 September 2011



Total: US$431.2 million

Europe

Europe was the best performing region in the first half of the financial year 2012. Despite the sluggish economies in most of our main European markets, Group revenue in the region was up by 12.7% to US$336.5 million. All product lines posted growth during the period. Europe accounted for 39.2% of Group revenue.

[1] NPD, combined market share of VTech and AT&T, as of Q3 2011

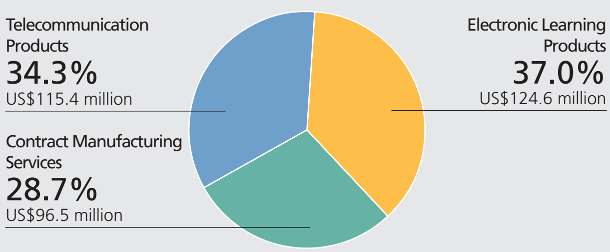
Chairman's Statement

Revenue from TEL products rose by 3.6% to US$115.4 million in the first half. This was the result of increased orders from existing customers, with Germany and France posting the strongest growth. Our exclusive agreement with Deutsche Telekom continues to bear fruit, with a new range of products well received because of their superb design, high quality and price competitiveness. In France, we also benefited from new product launches and the expanded distribution channels of our customers. VTech has become the number one manufacturer of cordless phones in Western Europe, with a 29% market share[2].

Revenue from ELPs in Europe was US$124.6 million in the first half of the financial year 2012, a 15.2% increase compared to the same period last year. This performance was driven by both platform and standalone products. Solid contributions were seen from the full launch of Storio® (the product name for V.Reader in Europe) and MobiGo® across our main European markets. The strong growth of our standalone products continued, especially in the infant and pre-school ranges. Geographically, France, Germany and the Benelux countries turned in the best results. Shipment was down in the UK, primarily due to carried-forward inventory at some retailers. This notwithstanding, InnoTab was launched in the UK to great accolades, and has been named one of the "10 Cool Toys" for Christmas by the Toy Retailers Association.

CMS revenue rose by 22.2% to US$96.5 million when compared with the first half of the previous financial year. Switching mode power supplies were especially strong, as growth was driven by higher capacity requirements from telecom operators. Professional audio equipment and wireless headsets also saw increased orders from existing and new customers. Solar power inverters, a category we entered last year, continued to grow from a very small base.

Revenue in Europe by Product Line
for the six months ended 30 September 2011



Total: US$336.5 million

Asia Pacific

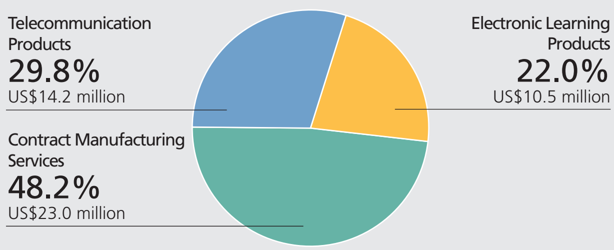
Revenue in Asia Pacific declined 6.7% as compared with the first half of the previous financial year to US$47.7 million. This market accounted for 5.6% of Group revenue.

Revenue from TEL products decreased by 12.3% to US$14.2 million. The decline was primarily due to the weakness in the Japanese market, as the earthquake in March affected the economy.

Revenue from ELPs in Asia Pacific was US$10.5 million in the first half of the financial year 2012, a 7.1% increase from the same period last year. This growth was broad-based over most South-East Asian countries and China. However, shipment to Australia, our biggest market in this region, was down due to a re-alignment of retail channels.

CMS revenue in Asia Pacific declined by 8.4% to US$23.0 million. The decrease was mainly due to lower orders for LED light bulbs, as our customer faced keen competition. This offset higher sales from handheld radiation detectors and medical equipment.

Revenue in Asia Pacific by Product Line
for the six months ended 30 September 2011



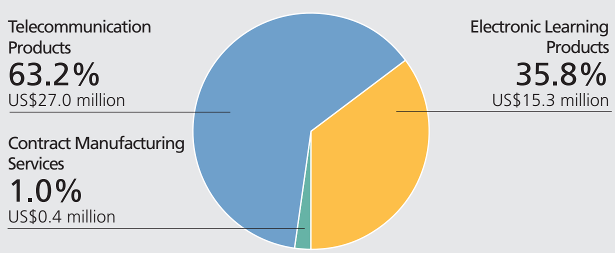
Total: US$47.7 million

Other Regions

Other regions include Latin America, the Middle East and Africa. Revenue in the first half of the financial year 2012 was US$42.7 million, a slight increase of 0.2% compared with the same period last year. These regions accounted for 5.0% of Group revenue.

Latin America recorded growth during the period. This was balanced by declines in the Middle East and Africa. By product line, revenue from TEL products fell by 12.3% to US$27.0 million while revenue from ELPs rose by 30.8% to US$15.3 million.

Revenue in Other Regions by Product Line
for the six months ended 30 September 2011



Total: US$42.7 million

[2] The Global Telecommunications Market Report 2011 Edition published by MZA Ltd

OUTLOOK

The global economy is highly uncertain. In the US, economic growth is likely to remain sluggish given the high level of unemployment. In Europe, the sovereign debt crisis in certain countries is already weakening consumer confidence. Nonetheless, we remain cautiously optimistic of achieving top line growth in the second half. Moreover, there are signs that cost pressures are abating, and that margins could at least stabilise.

In addition to striving for top line growth, we will continue to explore every avenue to improve margins. To reduce the labour content of our products further, we are stepping up the pace of automation in our production. A key focus of our product design will remain to optimise the cost of materials and manufacturing. We will also continue to exercise tight cost control over our operations.

Our outlook for TEL products is positive. VTech is the world's number one manufacturer of cordless phones[3] and we are confident that our competitiveness will enable us to strengthen our market leadership.

In North America, although the US home cordless phone market continues to decline, sales of SMB and hotel phones are increasing, which should offset at least some of the sales decline in home cordless phones.

In Europe, we are well positioned in the market, as we are able to introduce well-designed, feature-rich products at competitive prices. This will allow us to grow our revenue and gain further market share, both with our existing customers and with new customers we sign agreements with.

In Asia Pacific, sales will pick up in Japan in the second half as the economy in the region is recovering. We also plan to begin selling AT&T branded fixed line telephones in China in the fourth quarter of this financial year. Initial sales will be small but it is a new market that clearly offers additional room for growth.

Sales of TEL products will improve in other regions in the second half as the Middle East and South America will be back to growth path.

The retail environment for ELPs is expected to be challenging and unpredictable in the second half of this financial year. Consumer buying power and sentiment have been subdued. Retailers have been delaying replenishment decisions until the last minute. Despite these challenges, we are, nonetheless, planning for year-on-year growth across all our major markets.

In North America, we expect solid contributions from InnoTab during the second half of the financial year. We have also taken appropriate actions, and stepped up promotional programmes for V.Reader and infant products.

In Europe, we expect a continuation of the good performance of Storio, MobiGo and the Kidi-series, as well as other standalone products. Increased shipment, including of InnoTab, during the second half of the financial year is expected to return business in the UK to a growth path.

The growth of ELPs in Asia Pacific is expected to continue in the second half of the financial year. The biggest challenge and uncertainty in this region is in Australia, where the level of success in newly developed retail channels will be a major factor.

Our CMS will continue to outperform the global electronic manufacturing services (EMS) market and achieve growth for the full financial year, led by our core product areas of professional audio equipment and wireless headsets.

We will continue to add new customers in the professional audio segment because of our excellent know-how and strong reputation in the industry. With the proliferation of Unified Communications, we expect further growth from the wireless headset business.

Business from switching mode power supplies will remain stable. Despite the growth in commercial solid state lighting, it will not be sufficient to offset the decline in LED light bulbs for consumers, a market where our customer is facing a lot of competition.

Because of the strength of the Japanese yen and the aftermath of the earthquake, more medium sized Japanese companies will look for outsourcing. We have hired experienced and dedicated management in order to bring in new customers for CMS in the near future.

To cope with the growing demand, a new factory building at our existing plant will commence operation in November this year. This will increase the capacity of CMS by over 40%.

CONCLUSION

While we are optimistic of delivering top line growth, profitability will remain challenging. However, cost pressures have been easing and we are starting to see benefits from our efficiency enhancement measures. As a result, the Group's margins are showing an improving trend. With excellent R&D, a strong balance sheet, our market leadership position and efficient operations, VTech is well positioned to grow even more strongly once the global economy enters a sustained period of recovery.

Allan WONG Chi Yun
Chairman

Hong Kong, 16 November 2011

[3] The Global Telecommunications Market Report 2011 Edition published by MZA Ltd

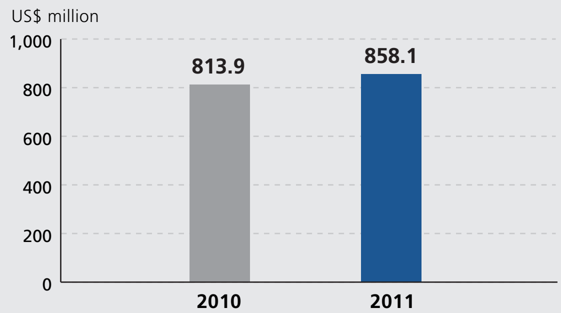
Management Discussion and Analysis

REVENUE

Group revenue for the six months ended 30 September 2011 rose by 5.4% over the same period of the previous financial year to US$858.1 million. The increase in revenue was largely driven by higher sales in North America and other regions as well as strong sales growth in Europe, which contrasted with a decrease in revenue in Asia Pacific. Sales to North America increased by 2.3% over the corresponding period of the last financial year to US$431.2 million, representing 50.2% of Group revenue. In Europe, revenue rose by 12.7% to US$336.5 million, accounting for 39.2% of Group revenue. Revenue from the Asia Pacific market declined by 6.7% to US$47.7 million, representing 5.6% of Group revenue. Sales to other regions grew slightly by 0.2% to US$42.7 million, accounting for 5.0% of Group revenue.

The increase in revenue in North America was mainly due to higher sales of CMS, which offset a slight decrease in the revenue of TEL products and ELPs. Revenue from TEL products in North America was US$220.2 million, a decrease of 0.7% over the same period of the previous financial year. The decline reflects the maturity of the US home cordless phone market and the low level of new housing starts. For ELPs, revenue declined by 2.8% to US$115.4 million. This was primarily due to lower shipment of V.Reader, reflecting comparisons with strong sales from last year's early summer launch campaign. Revenue from CMS rose by 17.9% to US$95.6 million. The increase resulted mainly from the higher sales in the area of professional audio equipment, telecommunication products and commercial solid state lighting.

Group Revenue
for the six months ended 30 September

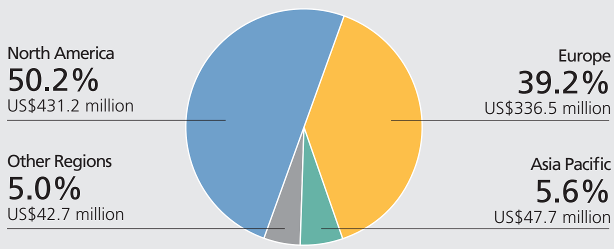


The European market achieved sales growth in all three product lines. For TEL products, which we sell in Europe largely on an original design manufacturing (ODM) basis, revenue grew to US$115.4 million, a 3.6% increase over the corresponding period of the previous financial year. This was the result of increased orders from existing customers, with Germany and France posting the strongest growth. Revenue from ELPs rose by 15.2% to US$124.6 million. This increase was driven by both platform and standalone products. The full launch of Storio (the product name for V.Reader in Europe) and MobiGo across our main European markets, as well as the strong performance of infant and pre-school ranges during the financial period were key contributors to this growth. Sales of CMS products to Europe also achieved significant growth, with revenue reaching US$96.5 million, an increase of 22.2% over the same period last year. Switching mode power supplies were especially strong, as growth was driven by the higher capacity requirement from the telecom operators. Professional audio equipment and wireless headset products also saw increased orders from existing and new customers.

For the Asia Pacific market, the decrease in revenue came from the lower sales of TEL and CMS products. Revenue from TEL products fell by 12.3% compared with the same period last year to US$14.2 million. Sales decline was primarily due to weakness in the Japanese market, as the earthquake in March affected the economy. Sales of ELPs to Asia Pacific increased by 7.1% to US$10.5 million during the financial period. This growth was broad-based over most South-East Asian countries and China. For CMS products, revenue from Asia Pacific dropped by 8.4% compared with the same period last year to US$23.0 million. This was mainly driven by decrease in sales of LED light bulbs as our customer faced keen competition, and was partially offset by higher sales from the handheld radiation detectors and medical equipment.

Other regions include Latin America, the Middle East and Africa. The revenue increase in other regions was mainly because of the higher sales of ELPs, which offset the decline in sales of TEL products. Sales of TEL products to other regions were US$27.0 million, a decrease of 12.3% compared with the same period of the previous financial year. Revenue of ELPs from other regions increased by 30.8% to US$15.3 million in the current financial period, as a result of increase in sales of standalone products. Revenue from CMS was US$0.4 million as compared to US$0.1 million recorded in same period last year.

Group Revenue by Region
for the six months ended 30 September 2011



Total: US$858.1 million

GROSS PROFIT/MARGIN

The gross profit for the six months ended 30 September 2011 was US$261.0 million, a decrease of US$0.9 million or 0.3% compared to the US$261.9 million recorded in the same period last year. Gross profit margin for the period fell from 32.2% to 30.4%. This was mainly attributable to higher cost of materials, further increases in labour costs, and the continuing appreciation of the Renminbi.

OPERATING PROFIT/MARGIN

The operating profit for the six months ended 30 September 2011 was US$96.3 million, a decrease of US$5.9 million or 5.8% compared with the same period of the previous financial year. This was mainly due to the drop in gross profit margin and higher selling and distribution costs. Correspondingly, operating profit margin decreased from 12.6% to 11.2%.

Selling and distribution costs rose by 5.8%, from US$106.7 million in the first half of the previous financial year to US$112.9 million in the current financial period. The increase was mainly attributable to increased spending on advertising and promotional activities by the Group during the financial period. As a percentage of Group revenue, selling and distribution costs increased slightly from 13.1% to 13.2%.

Administrative and other operating expenses fell from US$24.9 million in the same period last year to US$23.5 million in the current financial period. With better foreign exchange risk management, the net exchange gain arising from the Group's global operations in the ordinary course of business was US$0.7 million in the current financial period. This compared with the net exchange gain of US$0.5 million recorded in the corresponding period of the last financial year. Administrative and other operating expenses as a percentage of Group revenue decreased from 3.1% to 2.7%.

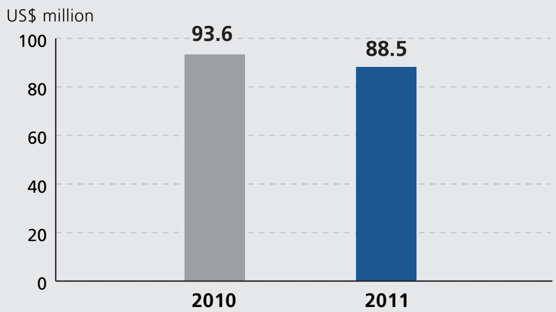
During the first half of the financial year 2012, the research and development expense was US$28.3 million, an increase of 0.7% over the same period last year. Research and development expense as a percentage of Group revenue decreased from 3.5% to 3.3%.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS AND DIVIDENDS

The profit attributable to shareholders of the Company for the period ended 30 September 2011 was US$88.5 million, a decrease of US$5.1 million as compared to the corresponding period of the previous financial year.

Basic earnings per share for the period ended 30 September 2011 were US35.6 cents as compared to US37.8 cents in the first half of the previous financial year. Since the balance sheet date, the directors have declared an interim dividend of US16.0 cents per share, which will aggregate to US$39.9 million.

Profit Attributable to Shareholders of the Company
for the six months ended 30 September



LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial resources remain strong. As of 30 September 2011, the Group had deposits and cash of US$128.5 million and was debt-free. The Group has adequate liquidity to meet its current and future working capital requirements.

TREASURY POLICIES

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations and to minimise the Group's financial risks. The Group principally uses forward foreign exchange contracts as appropriate for risk management purposes only, for hedging foreign exchange transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes.

WORKING CAPITAL

Stocks as of 30 September 2011 were US$320.2 million, as compared to US$229.8 million on 31 March 2011. The increase in stock level was primarily to cater for increased demand for the Group's products in the second half of the financial year 2012. Furthermore, we had arranged early production of the Group's products in order to better utilise the Group's production capacities. As compared to the corresponding period of the last financial year, the stock balance increased by US$23.4 million or 7.9% and the turnover days reduced from 119 days to 108 days.

Trade debtors as of 30 September 2011 were US$339.5 million as compared to US$198.8 million on 31 March 2011. The increase in the trade debtors was mainly due to an increase in revenue in the first six months of the financial year 2012. As compared to the corresponding period of the last financial year, the trade debtors balance increased by US$15.9 million or 4.9%, and the turnover days reduced from 60 days to 58 days.

CAPITAL EXPENDITURE AND CONTINGENCIES

For the six months ended 30 September 2011, the Group invested US$14.4 million in the purchase of plant and machinery, equipment, computer systems and other tangible assets. All of these capital expenditures were financed from internal resources.

As of 30 September 2011, the Group had no material contingencies.

Interim Financial Report

CONSOLIDATED INCOME STATEMENT

	Note	(Unaudited) Six months ended 30 September 2011 US$ million	(Unaudited) Six months ended 30 September 2010 US$ million	(Audited) Year ended 31 March 2011 US$ million
Revenue	3	**858.1**	813.9	1,712.8
Cost of sales		**(597.1)**	(552.0)	(1,145.9)
Gross profit		**261.0**	261.9	566.9
Selling and distribution costs		**(112.9)**	(106.7)	(241.6)
Administrative and other operating expenses		**(23.5)**	(24.9)	(49.8)
Research and development expenses		**(28.3)**	(28.1)	(56.8)
Operating profit	3&4	**96.3**	102.2	218.7
Net finance income		**1.6**	1.0	1.6
Profit before taxation		**97.9**	103.2	220.3
Taxation	5	**(9.4)**	(10.1)	(19.1)
Profit for the period/year		**88.5**	93.1	201.2
Attributable to:				
Shareholders of the Company		**88.5**	93.6	202.0
Non-controlling interests		**–**	(0.5)	(0.8)
Profit for the period/year		**88.5**	93.1	201.2
Earnings per share (US cents)	7			
– Basic		**35.6**	37.8	81.5
– Diluted		**35.5**	37.6	81.2

CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) 30 September 2011 US$ million	(Unaudited) 30 September 2010 US$ million	(Audited) 31 March 2011 US$ million
Non-current assets				
Tangible assets		**78.3**	80.2	78.4
Leasehold land payments		**5.1**	4.9	5.0
Investments		**0.2**	0.2	0.2
Deferred tax assets		**7.9**	7.5	5.4
		91.5	92.8	89.0
Current assets				
Stocks	8	**320.2**	296.8	229.8
Debtors, deposits and prepayments	9	**369.9**	349.3	225.0
Taxation recoverable		**0.4**	–	0.3
Deposits and cash		**128.5**	181.1	333.1
		819.0	827.2	788.2
Current liabilities				
Creditors and accruals	10	**(376.4)**	(385.4)	(284.9)
Provisions		**(36.7)**	(46.1)	(39.4)
Taxation payable		**(11.6)**	(17.9)	(5.1)
		(424.7)	(449.4)	(329.4)
Net current assets		**394.3**	377.8	458.8
Total assets less current liabilities		**485.8**	470.6	547.8
Non-current liabilities				
Deferred tax liabilities		**(3.9)**	(3.9)	(3.9)
Net assets		**481.9**	466.7	543.9
Capital and reserves				
Share capital	11	**12.5**	12.4	12.4
Reserves		**469.4**	453.0	531.5
Shareholders' funds attributable to the Company's shareholders		**481.9**	465.4	543.9
Non-controlling interests		**–**	1.3	–
Total equity		**481.9**	466.7	543.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Six months ended 30 September 2011 US$ million	(Unaudited) Six months ended 30 September 2010 US$ million	(Audited) Year ended 31 March 2011 US$ million
Profit for the period/year	**88.5**	93.1	201.2
Other comprehensive income (after tax and reclassification adjustments) for the period/year			
Fair value gains on hedging	**1.3**	–	0.3
Realisation of hedging reserve	**(0.2)**	–	–
Exchange translation differences	**(3.2)**	1.3	7.2
Surplus arising on revaluation of properties	**–**	1.3	1.3
Other comprehensive income for the period/year	**(2.1)**	2.6	8.8
Total comprehensive income for the period/year	**86.4**	95.7	210.0
Attributable to:			
Shareholders of the Company	**86.4**	96.2	210.8
Non-controlling interests	**–**	(0.5)	(0.8)
Total comprehensive income for the period/year	**86.4**	95.7	210.0

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Six months ended 30 September 2011 US$ million	(Unaudited) Six months ended 30 September 2010 US$ million	(Audited) Year ended 31 March 2011 US$ million
Net cash (used in)/generated from operating activities	**(39.6)**	(42.2)	155.3
Net cash generated from investing activities	**45.5**	142.8	69.9
Net cash used in financing activities	**(151.2)**	(147.6)	(186.8)
Effect of exchange rate changes	**0.7**	1.2	7.8
(Decrease)/increase in cash and cash equivalents	**(144.6)**	(45.8)	46.2
Cash and cash equivalents at beginning of period/year	**243.1**	196.9	196.9
Cash and cash equivalents at end of period/year	**98.5**	151.1	243.1
Analysis of the balance of cash and cash equivalents			
Deposits and cash in the consolidated balance sheet	**128.5**	181.1	333.1
Less: Bank deposits with maturity greater than three months	**(30.0)**	(30.0)	(90.0)
Cash and cash equivalents in the condensed consolidated cash flow statement	**98.5**	151.1	243.1

The notes on pages 8 to 14 form part of this Interim Financial Report. Details of dividends payable to shareholders of the Company attributable to the profit for the period are set out in note 6.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011 – unaudited

		Attributable to shareholders of the Company										
	Note	Share capital US$ million	Share premium US$ million	Shares held for Share Purchase Scheme US$ million	Properties revaluation reserve US$ million	Exchange reserve US$ million	Capital reserve US$ million	Hedging reserve US$ million	Revenue reserve US$ million	Total US$ million	Non-controlling interests US$ million	Total equity US$ million
At 1 April 2011		12.4	121.1	–	12.2	12.1	3.1	0.3	382.7	543.9	–	543.9
Changes in equity for the six months ended 30 September 2011												
Comprehensive income												
Profit for the period		–	–	–	–	–	–	–	88.5	88.5	–	88.5
Other comprehensive income (after tax and reclassification adjustments)												
Fair value gains on hedging		–	–	–	–	–	–	1.3	–	1.3	–	1.3
Realisation of hedging reserve		–	–	–	–	–	–	(0.2)	–	(0.2)	–	(0.2)
Exchange translation differences		–	–	–	–	(3.2)	–	–	–	(3.2)	–	(3.2)
Other comprehensive income for the period		–	–	–	–	(3.2)	–	1.1	–	(2.1)	–	(2.1)
Total comprehensive income for the period		–	–	–	–	(3.2)	–	1.1	88.5	86.4	–	86.4
Dividends approved and paid during the period	6	–	–	–	–	–	–	–	(154.6)	(154.6)	–	(154.6)
Shares issued under share option scheme		0.1	5.7	–	–	–	–	–	–	5.8	–	5.8
Equity-settled share based payments		–	0.8	–	–	–	0.2	–	–	1.0	–	1.0
Shares purchased for Share Purchase Scheme	11(c)	–	–	(2.4)	–	–	–	–	–	(2.4)	–	(2.4)
Vesting of shares of Share Purchase Scheme	11(c)	–	–	1.8	–	–	–	–	–	1.8	–	1.8
At 30 September 2011		**12.5**	**127.6**	**(0.6)**	**12.2**	**8.9**	**3.3**	**1.4**	**316.6**	**481.9**	**–**	**481.9**
At 1 April 2010		12.4	113.3	–	10.9	4.9	1.8	–	372.4	515.7	1.8	517.5
Changes in equity for the six months ended 30 September 2010												
Comprehensive income												
Profit for the period		–	–	–	–	–	–	–	93.6	93.6	(0.5)	93.1
Other comprehensive income (after tax and reclassification adjustments)												
Exchange translation differences		–	–	–	–	1.3	–	–	–	1.3	–	1.3
Surplus arising on revaluation of properties		–	–	–	1.3	–	–	–	–	1.3	–	1.3
Other comprehensive income for the period		–	–	–	1.3	1.3	–	–	–	2.6	–	2.6
Total comprehensive income for the period		–	–	–	1.3	1.3	–	–	93.6	96.2	(0.5)	95.7
Dividends approved and paid during the period	6	–	–	–	–	–	–	–	(153.9)	(153.9)	–	(153.9)
Shares issued under share option scheme		–	6.3	–	–	–	–	–	–	6.3	–	6.3
Equity-settled share based payments		–	0.9	–	–	–	0.2	–	–	1.1	–	1.1
At 30 September 2010		12.4	120.5	–	12.2	6.2	2.0	–	312.1	465.4	1.3	466.7

The notes on pages 8 to 14 form part of this Interim Financial Report.

Notes to the Unaudited Interim Financial Report

1 BASIS OF PREPARATION

The directors of the Company (the "Directors") are responsible for preparing the Interim Financial Report in accordance with applicable law and regulations. This unaudited Interim Financial Report has been prepared in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") including compliance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting adopted by the International Accounting Standards Board (the "IASB").

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the changes mentioned in note 2.

The preparation of an Interim Financial Report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2011 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The Interim Financial Report has not been audited or reviewed by the auditors pursuant to the International Auditing Practices Board guidance on International Standards on Review Engagements 2400 "Review of Interim Financial Statements".

The financial information relating to the financial year ended 31 March 2011 included in the Interim Financial Report does not constitute the Company's annual financial statements for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 March 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 May 2011.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued new and revised IFRS, amendments and interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

Improvements to IFRSs 2010

International Accounting Standards ("IAS") 24 (Revised 2009), Related Parties Disclosures

The improvements to IFRSs (2010) consists of amendments to existing standards, including an amendment to IAS 34. IAS 34 (amendment) provides for further disclosures in the Interim Financial Report. It has had no financial impact on the Group's financial statements.

The other developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this Interim Financial Report.

The Group had not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by geography. In accordance with IFRS 8 – Operating segments and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments.

- North America (including the United States and Canada)
- Europe
- Asia Pacific
- Others, which covers sales of electronic products to the rest of the world

The Company is domiciled in Bermuda. The results of its revenue from external customers located in North America, Europe, Asia Pacific and elsewhere are set out in the table below.

Each of the above reportable segments primarily derive their revenue from the sale of telecommunication products, electronic learning products and products from contract manufacturing services to customers in the relevant geographical region.

3 SEGMENT INFORMATION (CONTINUED)

All of these products and services are manufactured and performed in the Group's manufacturing facilities located primarily in the People's Republic of China, under the Asia Pacific segment.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

(a) Segment revenues and results

Revenue is allocated to the reporting segment based on the location of external customers. Expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those geographical locations or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is operating profit.

In addition to receiving segment information concerning operating profit, management is provided with segment information concerning revenue, depreciation and amortisation and impairment of assets.

(b) Segment assets and liabilities

Segment assets include all tangible and intangible assets and current assets with the exception of deferred tax assets and other corporate assets including taxation recoverable and investments.

Segment liabilities include trade creditors, bills payables, accruals and provisions for electronic product warranties attributable to the manufacturing and sales activities of the individual reportable segments with the exception of deferred tax liabilities and taxation payable.

Segment information regarding the Group's revenue, results, assets and liabilities by geographical market is presented below:

	Reportable segment revenue (Unaudited) Six months ended 30 September	
	2011 US$ million	2010 US$ million
North America	**431.2**	421.6
Europe	**336.5**	298.6
Asia Pacific	**47.7**	51.1
Others	**42.7**	42.6
	858.1	813.9

	Reportable segment profit (Unaudited) Six months ended 30 September	
	2011 US$ million	2010 US$ million
North America	**42.1**	47.2
Europe	**39.9**	40.7
Asia Pacific	**7.2**	7.8
Others	**7.1**	6.5
	96.3	102.2

	Reportable segment assets	
	(Unaudited) 30 September 2011 US$ million	(Audited) 31 March 2011 US$ million
North America	**186.6**	140.3
Europe	**166.7**	93.4
Asia Pacific	**547.7**	636.9
Others	**1.0**	0.7
	902.0	871.3

	Reportable segment liabilities	
	(Unaudited) 30 September 2011 US$ million	(Audited) 31 March 2011 US$ million
North America	**(55.4)**	(43.5)
Europe	**(37.5)**	(26.0)
Asia Pacific	**(319.6)**	(253.5)
Others	**(0.6)**	(1.3)
	(413.1)	(324.3)

(c) Reconciliation of reportable segment assets and liabilities

	(Unaudited) 30 September 2011 US$ million	(Audited) 31 March 2011 US$ million
Assets		
Reportable segment assets	**902.0**	871.3
Investments	**0.2**	0.2
Taxation recoverable	**0.4**	0.3
Deferred tax assets	**7.9**	5.4
Consolidated total assets	**910.5**	877.2
Liabilities		
Reportable segment liabilities	**(413.1)**	(324.3)
Taxation payable	**(11.6)**	(5.1)
Deferred tax liabilities	**(3.9)**	(3.9)
Consolidated total liabilities	**(428.6)**	(333.3)

Notes to the Unaudited Interim Financial Report

4 OPERATING PROFIT

Operating profit is arrived at after charging/(crediting) the following:

	(Unaudited) Six months ended 30 September 2011 US$ million	2010 US$ million
Cost of inventories	**597.1**	552.0
Depreciation of tangible assets	**14.5**	17.0
Gain on disposal of tangible assets	**–**	(0.1)
Write-down of inventories net of reversals	**(1.2)**	2.1
Impairment loss of trade debtors net of reversals	**(0.5)**	0.2
Interest income from bank deposits	**(1.6)**	(1.0)
Net foreign exchange gain	**(0.7)**	(0.5)

5 TAXATION

	(Unaudited) Six months ended 30 September 2011 US$ million	2010 US$ million
Company and subsidiaries		
Income tax		
– Hong Kong	**9.7**	10.4
– Overseas	**2.2**	1.7
Deferred tax		
– Origination and reversal of temporary differences	**(2.5)**	(2.0)
	9.4	10.1
Income tax	**11.9**	12.1
Deferred tax	**(2.5)**	(2.0)
	9.4	10.1

Provision for Hong Kong Profits Tax and overseas taxation has been calculated at tax rates prevailing in the countries in which the Group operates.

6 DIVIDENDS

(a) Dividends attributable to the period:

	(Unaudited) Six months ended 30 September 2011 US$ million	2010 US$ million
Interim dividend of US16.0 cents (2010: US16.0 cents) per share declared	**39.9**	39.7
Less: Dividends for shares held for Share Purchase Scheme at 30 September	**–**	–
	39.9	39.7

The interim dividend was proposed after the balance sheet date and has not been recognised as liabilities at the balance sheet date.

(b) At a meeting held on 31 May 2011, the directors proposed a final dividend of US62.0 cents (2010: US62.0 cents) per ordinary share for the year ended 31 March 2011, which was estimated to be US$153.9 million at the time calculated on the basis of the ordinary shares in issue as at 31 March 2011. The final dividend was approved by shareholders at the annual general meeting on 22 July 2011. As a result of shares issuance upon exercise of share options during the period between 1 April 2011 and 22 July 2011, the final dividend paid in respect of the year ended 31 March 2011 totaled US$154.6 million (2010: US$153.9 million).

7 EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of the Company of US$88.5 million (2010: US$93.6 million).

The calculation of basic earnings per share is based on the weighted average of 248.8 million (2010: 247.5 million) ordinary shares in issue during the period after adjusting for shares held for Share Purchase Scheme. The calculation of diluted earnings per share is based on 249.4 million (2010: 248.7 million) ordinary shares which is the weighted average number of ordinary shares in issue during the period after adjusting for share held for Share Purchase Scheme and the number of dilutive potential ordinary shares under the Company's employee share option scheme.

	(Unaudited) Six months ended 30 September 2011	2010
Profit attributable to shareholders (US$ million)	**88.5**	93.6
Weighted average number of ordinary shares in issue less shares held for Share Purchase Scheme (in million)	**248.8**	247.5
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (in million)	**0.6**	1.2
Effect of shares held for Share Purchase Scheme (in million)	**–**	–
Weighted average number of ordinary shares (diluted) (in million)	**249.4**	248.7
Diluted earnings per share (US cents)	**35.5**	37.6

8 STOCKS

Stocks in the consolidated balance sheet at 30 September 2011 comprised mainly of finished goods of US$219.6 million (31 March 2011: US$126.8 million, 30 September 2010: US$206.9 million).

9 DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments of US$369.9 million (31 March 2011: US$225.0 million, 30 September 2010: US$349.3 million) include trade debtors of US$339.5 million (31 March 2011: US$198.8 million, 30 September 2010: US$323.6 million).

An ageing analysis of net trade debtors by transaction date is as follows:

	(Unaudited) 30 September 2011 US$ million	(Audited) 31 March 2011 US$ million
0-30 days	**196.8**	110.0
31-60 days	**102.0**	60.2
61-90 days	**38.0**	22.6
>90 days	**2.7**	6.0
Total	**339.5**	198.8

The majority of the Group's sales are on letter of credit and on open credit with varying terms of 30 to 90 days. Certain open credit sales are covered by credit insurance or bank guarantees.

10 CREDITORS AND ACCRUALS

Creditors and accruals of US$376.4 million (31 March 2011: US$284.9 million, 30 September 2010: US$385.4 million) include trade creditors of US$214.6 million (31 March 2011: US$142.6 million, 30 September 2010: US$215.4 million).

	(Unaudited) 30 September 2011 US$ million	(Audited) 31 March 2011 US$ million
Trade creditors	**214.6**	142.6
Other creditors and accruals	**161.8**	142.2
Forward foreign exchange contracts held as fair value through profit or loss	**–**	0.1
Total	**376.4**	284.9

An ageing analysis of trade creditors by transaction date is as follows:

	(Unaudited) 30 September 2011 US$ million	(Audited) 31 March 2011 US$ million
0-30 days	**87.1**	80.1
31-60 days	**80.6**	33.0
61-90 days	**31.5**	19.6
>90 days	**15.4**	9.9
Total	**214.6**	142.6

11 SHARE CAPITAL AND SHARE OPTIONS

(a) Share Capital

	(Unaudited) 30 September 2011 US$ million	(Audited) 31 March 2011 US$ million
Authorised		
Ordinary shares: 400,000,000 (31 March 2011: 400,000,000) of US$0.05 each	**20.0**	20.0

	No. of shares	**(Unaudited) 30 September 2011 US$ million**	No. of shares	(Audited) 31 March 2011 US$ million
Issued and fully paid				
Ordinary shares of US$0.05 each:				
At beginning of period/year	**248,296,133**	**12.4**	246,990,133	12.4
Shares issued upon exercise of share options	**1,093,000**	**0.1**	1,306,000	–
At end of period/year	**249,389,133**	**12.5**	248,296,133	12.4

The Company's issued and fully paid shares as at 30 September 2011 included 59,300 shares held in trust by the trustee under a share purchase scheme (the "Share Purchase Scheme"), details of which are set out in note 11(c).

11 SHARE CAPITAL AND SHARE OPTIONS (CONTINUED)

(b) Share Options

The Company operates a share option scheme for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of these share option schemes include employees and officers of any member of the Company and its subsidiaries.

At the annual general meeting of the Company held on 22 July 2011, the shareholders of the Company approved the adoption of a new share option scheme of the Company (the "2011 Scheme") and the cancellation of the share option scheme adopted by the Company on 10 August 2001 (the "2001 Scheme") which originally would have expired on 9 August 2011, upon which no further options will be offered but in all other respects the provisions of the 2001 Scheme shall remain in force and the options granted prior to the cancellation of the 2001 Scheme shall continue to be valid and exercisable in accordance with the 2001 Scheme. As at the date of adoption of the 2011 Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the 2011 Scheme or any other share option schemes adopted by the Company is 24,938,913 shares. Further details of the 2011 Scheme are set out in the circular of the Company dated 20 June 2011. Under the 2011 Scheme, the directors may, at their discretion, at any time during 10 years from the date of adoption of the 2011 Scheme, invite employees and officers of any member of the Group to subscribe for shares of the Company in accordance with the terms of the 2011 Scheme. During the financial period and since the adoption of the 2011 Scheme, there were no options granted, exercised, lapsed or cancelled.

As at 30 September 2011, the number of shares issuable under the options granted pursuant to the 2001 Scheme was 1,843,000 shares, which represented approximately 0.7% of the issued share capital of the Company. The movements in the number of share options under the 2001 Scheme during the financial period were as follows:

			Number of share options		
Date of grant	**Exercise price**	**Exercisable period** (Note 1)	**Balance in issue at 1 April 2011**	**Exercised during the period**	**Balance in issue at 30 September 2011**
17 April 2008	HK$41.07	23 April 2010 to 29 April 2012	248,000	(135,000) (Note 2)	**113,000**
17 April 2008	HK$41.07	23 April 2011 to 29 April 2013	1,306,000	(958,000) (Note 3)	**348,000**
9 April 2010	HK$85.35	12 April 2012 to 4 May 2014	1,382,000	–	**1,382,000**
			2,936,000	(1,093,000)	**1,843,000**

Notes:

(1) The 2001 Scheme does not specify any minimum holding period before the option can be exercised but the Board has the authority to determine the minimum holding period at the time of grant of any particular option.

(2) An aggregate of 135,000 share options were exercised at the exercise price of HK$41.07 per share during the financial period. The weighted average closing prices of the shares of the Company immediately before the date on which the options were exercised and at the date of exercise were HK$89.7 per share and HK$88.4 per share respectively.

(3) An aggregate of 958,000 share options were exercised at the exercise price of HK$41.07 per share during the financial period. The weighted average closing prices of the shares of the Company immediately before the dates on which the options were exercised and at the dates of exercise were HK$89.92 per share and HK$88.64 per share respectively.

(4) No options were granted, lapsed or cancelled during the financial period.

(5) Subsequent to the financial period and up to the date of this Interim Report, an aggregate of 50,000 share options were exercised at the exercise price of HK$41.07 per share.

11 SHARE CAPITAL AND SHARE OPTIONS (CONTINUED)

(b) Share Options (Continued)

Share option expenses charged to the consolidated income statement are determined using the Black-Scholes option pricing model based on the following assumptions:

	Date of grant		
	17 April 2008 (Note 1)	17 April 2008 (Note 1)	9 April 2010 (Note 2)
Fair value of each share option as of the date of grant	HK$5.76	HK$5.95	HK$22.12
Closing price at the date of grant	HK$40.1	HK$40.1	HK$85.1
Exercise price	HK$41.07	HK$41.07	HK$85.35
Expected volatility	43.33%	43.33%	54.24%
Annual risk-free interest rate	1.56%	1.88%	0.99%
Expected average life of options	2.5 years	3.5 years	2.5 years
Expected dividend yield (Note 3)	10.3%	10.3%	5.22%
Exercisable period	23 April 2010 to 29 April 2012	23 April 2011 to 29 April 2013	12 April 2012 to 4 May 2014

Notes:

(1) The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the two years immediately preceding the grant date.

(2) The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the three years immediately preceding the grant date.

(3) Expected dividend yield is based on historical dividends over one year prior to grant date.

(4) Changes in the subjective input assumptions could significantly affect the fair value estimate.

(c) Share Purchase Scheme

On 30 March 2011 ("Adoption Date"), the Company adopted the Share Purchase Scheme, which is a share incentive award scheme for the purpose of incentivising employees and attracting suitable personnel for the continuous development of the Group. Eligible participants of the Share Purchase Scheme include directors, officers and employees of any member of the Group as the Remuneration Committee may determine or approve. The shares to be awarded pursuant to the Share Purchase Scheme (the "Awarded Shares") will be existing shares, which will be purchased on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by the independent trustee with funds provided by the Company, and will be awarded in such manner as the Remuneration Committee may determine or approve. The maximum number of shares that can be held by the trustee under the Share Purchase Scheme is limited to three per cent of the issued share capital of the Company from time to time (excluding shares which have already been transferred to employees on vesting). The Share Purchase Scheme shall be valid and effective for a term of 20 years from the Adoption Date.

During the six months ended 30 September 2011, 204,000 shares (31 March 2011: Nil shares) were acquired on the Stock Exchange pursuant to the Share Purchase Scheme. The total amount paid to acquire the shares during the period was US$2.4 million (31 March 2011: $Nil).

Details of the Awarded Shares which have vested during the six months ended 30 September 2011 period are as follows:

Date of award (Note 1)	**Average purchase cost per share HK$**	**Number of Awarded Shares vested**	**Cost of related Awarded Shares US$ million**	**Vesting Period**
27 June 2011	95.42	144,700	1.8	27 June 2011 to 26 July 2011

Notes:

(1) The date of award refers to the date on which the Company issued the letter of award to the eligible participants for the entitlement of the Awarded Shares.

(2) No Awarded Shares were granted to executive directors or non-executive directors of the Company during the financial period.

(3) No Awarded Shares were lapsed or cancelled during the financial period.

As at 30 September 2011, a total of 59,300 shares were held in trust by the trustee under the Share Purchase Scheme. Dividends derived from the shares held under the trust will be reinvested to acquire further shares.

Notes to the Unaudited Interim Financial Report

12 CAPITAL COMMITMENTS

	(Unaudited) 30 September 2011 US$ million	(Audited) 31 March 2011 US$ million
Capital commitments for property, plant and equipment:		
Authorised but not contracted for	**35.6**	55.9
Contracted but not provided for	**9.5**	6.5
	45.1	62.4

13 CONTINGENT LIABILITIES

The directors have been advised that certain accusations of infringements of patents, trademarks and tradenames have been lodged against the Company and its subsidiaries. In the opinion of the legal counsel, it is too early to evaluate the outcome of these claims and provisions have been made only to the extent that the amounts can be reliably estimated. Certain subsidiaries of the Group are involved in litigation arising in the ordinary course of their respective business.

Having reviewed outstanding claims and taking into account legal advice received, the directors are of the opinion that even if the claims are found to be valid, there will be no material adverse effect on the financial position of the Group.

As at 30 September 2011, there were contingent liabilities in respective of guarantees given by the Company on behalf of subsidiaries related to overdrafts, short term loans and credit facilities of up to US$244.5 million (31 March 2011: US$244.5 million). The Company has not recognised any deferred income for the guarantees given in respect of borrowings and other banking facilities for subsidiaries as their fair value cannot be reliably measured and their transaction price was US$Nil.

As at the period end date, the directors do not consider it is probable that a claim will be made against the Company under any of the guarantees.

14 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 MARCH 2012

Up to the date of issue of the Interim Financial Report, the IASB has issued a number of amendments, new standards and new interpretations which are not yet effective for the accounting period ending 31 March 2012 and which have not been adopted in the Interim Financial Report.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

	Effective for accounting period beginning on or after
Amendments to IFRS 7 Financial instruments Disclosures – Transfer of financial assets	1 July 2011
Amendments to IAS 1 Presentation of financial statements – Presentation of items of other comprehensive income	1 July 2012
Amendments to IAS 12 Income taxes – Deferred tax: Recovery of underlying assets	1 January 2012
IFRS 9 Financial instruments	1 January 2013
IFRS 10 Consolidated financial statements	1 January 2013
IFRS 13 Fair value measurement	1 January 2013
IAS 27 Separate financial statements (2011)	1 January 2013
IAS 28 Investments in associates and joint venture (2011)	1 January 2013
Revised IAS 19 Employee benefits	1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

15 APPROVAL OF INTERIM FINANCIAL REPORT

The Interim Financial Report was approved by the Board on 16 November 2011.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2011, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

(a) Interests in the Company

	Number of shares					
Name of director	**Personal interest**	**Family interest**	**Other interest**	**Equity derivatives (share options)**	**Total**	**Approximate percentage of shareholding**
Allan WONG Chi Yun	9,142,393	3,968,683	74,101,153 (Note 1)	512,000	87,724,229	35.2%
PANG King Fai	135,000	–	–	617,000	752,000	0.3%
Andy LEUNG Hon Kwong	323,800	–	–	128,000	451,800	0.2%
William FUNG Kwok Lun	449,430	–	592,200 (Note 2)	–	1,041,630	0.4%
Michael TIEN Puk Sun	–	211,500 (Note 3)	211,500 (Note 3)	–	423,000	0.2%
Patrick WANG Shui Chung	162,000	–	–	–	162,000	0.1%

Notes:

(1) The shares were beneficially owned as to 1,416,325 by Honorex Limited ("Honorex"), as to 65,496,225 by Conquer Rex Limited ("Conquer Rex") and as to 7,188,603 by Twin Success Pacific Limited ("Twin Success"). Conquer Rex was wholly owned by Honorex. Each of Conquer Rex, Honorex and Twin Success was wholly owned by Surplus Assets Limited ("Surplus Assets"). Surplus Assets was wholly owned by Credit Suisse Trust Limited as the trustee of The Allan Wong 2011 Trust, a discretionary trust of which Dr. Allan WONG Chi Yun ("Dr. WONG"), a director of the Company, was the founder. Surplus Assets was therefore deemed to have an aggregate indirect interest in 74,101,153 shares. Honorex was also deemed to have an indirect interest in the 65,496,225 shares. Surplus Assets was wholly owned by Credit Suisse Trust Limited which was deemed to be interested in such shares by virtue of the SFO.

(2) The shares were held by Golden Step Limited which was beneficially owned by Dr. William FUNG Kwok Lun.

(3) The shares were held by Romsley International Limited which was jointly owned by Mr. Michael TIEN Puk Sun and his spouse.

(4) All the interests stated above represented long positions.

(b) Share Options of the Company

				Number of share options held	
Name of director	**Date of grant**	**Exercise price**	**Exercisable period**	**as at 1 April 2011**	**as at 30 September 2011**
Allan WONG Chi Yun	17 April 2008	HK$41.07	24 April 2011 to 23 April 2013	496,000	– (Note)
	9 April 2010	HK$85.35	12 April 2012 to 11 April 2014	512,000	512,000
PANG King Fai	17 April 2008	HK$41.07	23 April 2010 to 22 April 2012	248,000	113,000 (Note)
	17 April 2008	HK$41.07	23 April 2011 to 22 April 2013	248,000	248,000
	9 April 2010	HK$85.35	13 April 2012 to 12 April 2014	256,000	256,000
Andy LEUNG Hon Kwong	17 April 2008	HK$41.07	25 April 2011 to 24 April 2013	124,000	– (Note)
	9 April 2010	HK$85.35	13 April 2012 to 12 April 2014	128,000	128,000

Note:
The weighted average closing price per share of the Company immediately before the date on which the options were exercised was HK$89.70.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Save as disclosed above, as at 30 September 2011, none of the directors and chief executives of the Company had any interest or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDINGS

As at 30 September 2011, other than the interests of the directors and chief executives of the Company as disclosed above, shareholders who had interests or short positions in the shares or underlying shares of the Company of 5% or more which fell to be disclosed to the Company under Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding
Credit Suisse Trust Limited	Interest of controlled corporation (Note 1)	74,101,153	29.7%
Surplus Assets Limited	Interest of controlled corporation (Note 1)	74,101,153	29.7%
Honorex Limited	Interest of controlled corporation (Note 1) Beneficial owner (Note 1)	65,496,225 1,416,325	26.3% 0.6%
Conquer Rex Limited	Beneficial owner (Note 1)	65,496,225	26.3%
Templeton Asset Management Limited	Investment manager	39,888,200	16.0%
Capital Research and Management Company	Investment manager	17,539,300	7.0%

Notes:

(1) The shares were beneficially owned as to 1,416,325 by Honorex, as to 65,496,225 by Conquer Rex and as to 7,188,603 by Twin Success. Conquer Rex was wholly owned by Honorex. Each of Conquer Rex, Honorex and Twin Success was wholly owned by Surplus Assets. Surplus Assets was wholly owned by Credit Suisse Trust Limited as the trustee of The Allan Wong 2011 Trust, a discretionary trust of which Dr. WONG, a director of the Company, was the founder. Surplus Assets was therefore deemed to have an aggregate indirect interest in 74,101,153 shares. Honorex was also deemed to have an indirect interest in the 65,496,225 shares. Surplus Assets was wholly owned by Credit Suisse Trust Limited which was deemed to be interested in such shares by virtue of the SFO. Dr. WONG's founder interests in the 74,101,153 shares of the Company has also been disclosed under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures."

(2) All the interests stated above represented long positions.

Save as disclosed above, as at 30 September 2011, the Company had not been notified by any person (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which fell to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by Company under Section 336 of the SFO.

CODE ON CORPORATE GOVERNANCE PRACTICES

VTech Holdings Limited is incorporated in Bermuda and has its shares listing on the Stock Exchange. The corporate governance rules applicable to the Company are the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules. Throughout the six months ended 30 September 2011, the Company has complied with all the code provisions of the Code and to a large extent, the recommended best practices in the Code except for the deviation from code provision A.2.1 of the Code as described below.

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. WONG has the combined role of Chairman and Group Chief Executive Officer. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group as the non-executive directors form the majority of the Board, with five out of eight of the Directors being independent non-executive directors. The Board believes the appointment of Dr. WONG to the posts of Chairman and Group Chief Executive Officer is beneficial to the Group as he has considerable industry experience.

The Board has established an Audit Committee, a Nomination Committee, a Remuneration Committee and a Risk Management Committee with defined terms of reference which are no less exacting than those set out in the Code. Corporate governance practices adopted by the Company during the six months ended 30 September 2011 are in line and consistent with those practices set out in the Company's 2011 Annual Report.

MODEL CODE OF SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules regarding securities transactions by Directors and senior management. After specific enquiry, all Directors confirmed that they have complied with the required standard of dealings set out in the Model Code throughout the six months ended 30 September 2011.

AUDIT COMMITTEE

The Audit Committee is chaired by Mr. Denis Morgie HO Pak Cho, with Dr. William FUNG Kwok Lun, Dr. David SUN Tak Kei and Mr. Michael TIEN Puk Sun as members. All of the members are independent non-executive directors. It has been established to assist the Board in fulfilling its oversight responsibilities for financial reporting, risk management and evaluation of internal controls and auditing processes. It also ensures that the Group complies with all applicable laws and regulations.

Mr. Denis Morgie HO Pak Cho, as Chairman of the Audit Committee, has the appropriate financial management expertise as required under the Listing Rules. The Audit Committee held two meetings during the financial period to the date of this Interim Report. The meetings were attended by the Chairman, the Chief Compliance Officer, the Chief Financial Officer and the external auditor. In addition, the Chairman of Audit Committee held periodic independent meetings with the Chief Compliance Officer, the Chief Financial Officer and the external auditor. Work performed by the Audit Committee during the financial period to the date of this Interim Report included, but not limited to, reviewing the following:

- audited Group financial statements and reports for the year ended 31 March 2011;
- report from the external auditor for the year ended 31 March 2011;
- unaudited Group Interim Financial Report for the six months ended 30 September 2011;
- report from the external auditor based on limited agreed upon procedures on the unaudited Group Interim Financial Report for the six months ended 30 September 2011;
- accounting principles and practices adopted by the Group;
- implementation of applicable International Financial Reporting Standards;
- remuneration of the external auditor;
- significant findings by the Internal Audit Department and recommendations for corrective actions; and
- respective audit plans of the internal and external auditors.

The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control during the financial period. The Audit Committee reviews the process by which the Group evaluates its control environment and risk assessment procedures, and the way in which business and control risks are managed. Based on the information received from the management, the external auditor and the Internal Audit Department, the Audit Committee is satisfied that the overall financial and operational controls for the Group continues to be effective and adequate.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee, chaired by Dr. WONG with Dr. PANG King Fai, Mr. Andy LEUNG Hon Kwong and Dr. David SUN Tak Kei as members held a meeting during the financial period to review the Group's risk management and internal control systems and their effectiveness. The Risk Management Committee has put in place policies and procedures for the identification and management of risks.

The Risk Management Committee has developed a framework for the management and control of risks in the Group. Risks are being more formally identified and recorded in the Risk Register for key operations. This Risk Register is updated regularly and the major risks are being reviewed by the Risk Management Committee.

The Risk Management Committee also ensures that any new and emerging risks are promptly identified, evaluated and appropriate actions are taken by the management. This requires the active and frequent participation by the process owner of each function in identifying risks affecting its business and implementing measures to reduce such risks, as well as the active monitoring on the progress of the improvement in internal control procedures.

The Risk Management Committee reports to the Board in conjunction with the Audit Committee.

TREASURY POLICIES

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations and to minimise the Group's financial risks. The Group principally uses forward foreign exchange contracts as appropriate for risk management purposes only, for hedging foreign exchange transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Other Information

INTERIM DIVIDEND

The Board has declared an interim dividend ("Interim Dividend") of US16.0 cents per ordinary share in respect of the six months ended 30 September 2011, payable on 22 December 2011 to shareholders whose names appear on the register of members of the Company as at the close of business on 16 December 2011.

The Interim Dividend will be payable in United States dollars save that those shareholders with a registered address in Hong Kong will receive the equivalent amount in Hong Kong dollars which will be calculated at the rate of exchange as quoted to the Company by The Hongkong and Shanghai Banking Corporation Limited at its mid rate of exchange prevailing on 12 December 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 December 2011 to 16 December 2011, both dates inclusive, during which period no transfer of shares will be effected.

In order to qualify for the Interim Dividend, all transfers of shares accompanied by the relevant share certificates, must be lodged with the share registrars of the Company no later than 4:30 p.m., the local time of the share registrars, on Friday, 9 December 2011.

The principal registrar is Butterfield Fulcrum Group (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda and the branch registrar in Hong Kong is Computershare Hong Kong Investor Services Limited, Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

REVIEW OF INTERIM REPORT

The Group's interim report for the six months ended 30 September 2011 has been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the six months ended 30 September 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the financial period, except that the trustee of the Share Purchase Scheme, pursuant to the rules and trust deed of the Share Purchase Scheme, purchased on the Stock Exchange a total of 204,000 Company's shares at a consideration of US$2.4 million.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules is set out below:

- Dr. Patrick WANG Shui Chung ceased to be a Member of the Greater Pearl River Delta Business Council and a Member of the Steering Committee on the Promotion of Electric Vehicles.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Allan WONG Chi Yun
(Chairman and Group Chief Executive Officer)
PANG King Fai
Andy LEUNG Hon Kwong

Independent Non-executive Directors

William FUNG Kwok Lun
Denis Morgie HO Pak Cho
David SUN Tak Kei
Michael TIEN Puk Sun
Patrick WANG Shui Chung

AUDIT COMMITTEE

Denis Morgie HO Pak Cho *(Chairman)*
William FUNG Kwok Lun
David SUN Tak Kei
Michael TIEN Puk Sun

NOMINATION COMMITTEE

William FUNG Kwok Lun *(Chairman)*
Denis Morgie HO Pak Cho
David SUN Tak Kei
Michael TIEN Puk Sun
Patrick WANG Shui Chung
Allan WONG Chi Yun

REMUNERATION COMMITTEE

Michael TIEN Puk Sun *(Chairman)*
William FUNG Kwok Lun
Denis Morgie HO Pak Cho
David SUN Tak Kei

RISK MANAGEMENT COMMITTEE

Allan WONG Chi Yun *(Chairman)*
PANG King Fai
Andy LEUNG Hon Kwong
David SUN Tak Kei

COMPANY SECRETARY

CHANG Yu Wai

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE

23rd Floor, Tai Ping Industrial Centre, Block 1
57 Ting Kok Road
Tai Po, New Territories
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

AUDITOR

KPMG
Certified Public Accountants
Hong Kong

Information for Shareholders

LISTING

Shares of VTech Holdings Limited are listed on The Stock Exchange of Hong Kong Limited.

STOCK CODE

The Stock Exchange of Hong Kong Limited	303

FINANCIAL CALENDAR

Closure of Register of Members
12-16 December 2011 (both dates inclusive)

Payment of Interim Dividend
22 December 2011

FY2012 Annual Results Announcement
May 2012

SHARE INFORMATION

Board Lot	100 shares
Issued Shares as at 30 September 2011	249,389,133 shares

DIVIDEND

Dividend per ordinary share for the six months ended 30 September 2011	US16.0 cents per share

SHARE REGISTRARS

Principal

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Hong Kong Branch

Computershare Hong Kong Investor Services Limited
Room 1712-16, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong
Tel: (852) 2862 8628
Fax: (852) 2865 0990
Email: hkinfo@computershare.com.hk

INVESTOR RELATIONS CONTACT

Corporate Communications Department
23rd Floor, Tai Ping Industrial Centre, Block 1
57 Ting Kok Road
Tai Po, New Territories
Hong Kong
Tel: (852) 2680 1000
Fax: (852) 2680 1788
Email: investor_relations@vtech.com

WEBSITE

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www.irasia.com/listco/hk/vtech

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偉易達集團

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