



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of presentation and accounting policies

These unaudited condensed consolidated interim financial statements have not been audited by the Company's auditors but have been reviewed by the Company's Audit Committee.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the disclosure requirements set out in Appendix 16 of the Listing Rules of The Stock Exchange of the Hong Kong Limited. The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the Group's annual financial statements for the year ended 30th June 2003, except that the following new and revised SSAPs have been adopted for the first time in the preparation of the current period's condensed consolidated financial statements:

In the current period, the Group has adopted SSAP 12 (Revised) "Income Tax". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the liability method under which a liability was recognized in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognized in respect of all temporary differences between the carrying amounts of assets and liabilities in the condensed consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of this standard has had no material effect on the results for the prior accounting periods. Accordingly, no prior period adjustment has been required.

2. Segmental information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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

- a) the CRT computer monitors segment, which engages in the manufacturing, trading and distribution of CRT computer monitors;
- b) the LCD monitors segment, which engages in the manufacturing, trading and distribution of LCD monitors; and
- c) the computer monitor components and parts segment, which engages in the manufacturing, trading and distribution of computer monitor components and parts.

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



Turnover and segment information

For the six months ended 31st December

(a) Business segments

	(unaudited) CRT Monitors		(unaudited) LCD Monitors		(unaudited) Computer monitor components and parts		(unaudited) Elimination		(audited) Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER										
Sales to external customers	1,891,622	1,686,433	2,324,899	1,604,282	111,839	65,055	-	-	4,328,360	3,355,770
Inter-segment sales	-	-	-	-	103,208	75,974	(103,208)	(75,974)	-	-
	1,891,622	1,686,433	2,324,899	1,604,282	215,047	141,029	(103,208)	(75,974)	4,328,360	3,355,770
RESULTS										
Segment results	80,907	76,648	82,584	40,111	10,238	(9,005)	-	-	173,729	107,754
Unallocated corporate income									17,089	8,191
Unallocated corporate expenses									(24,606)	(12,256)
Profit from operations									166,212	103,689
Finance costs									(40,281)	(23,573)
Profit before taxation									125,931	80,116
Taxation									(10,720)	(3,828)
Profit before minority interests									115,211	76,288
Minority interests									(5,219)	(3,012)
Net profit for the period									109,992	73,276



Turnover and segment information

For the six months ended 31st December

(b) Geographical segments

	(unaudited) America		(unaudited) Europe		(unaudited) Asia		(unaudited) Others		(unaudited) Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER										
Sales to external customers	1,382,855	1,254,543	1,493,360	1,027,234	1,360,506	897,690	91,639	176,303	4,328,360	3,355,770
RESULTS										
Segment results	47,892	39,945	59,503	44,896	63,669	33,804	2,665	(10,891)	173,729	107,754

Notes:

- (i) Europe mainly includes Belgium and France.
- (ii) Asia mainly includes Taiwan and the People's Republic of China.

3. Profit from operations

Profit from operations was determined after charging the following:

	(Unaudited) Six months ended 31st December	
	2003	2002
	HK\$000	HK\$000
Depreciation	33,110	23,598
Loss on disposal of subsidiaries	—	3,246

4. Taxation

	(Unaudited) Six months ended 31st December	
	2003	2002
	HK\$000	HK\$000
Current:		
Hong Kong	234	100
Overseas	10,486	3,728
Tax charge for the period	10,720	3,828

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable overseas have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No deferred tax has been provided (2002: Nil) by the Company and the Group because there were no significant timing differences at 31st December 2003.



5. Interim dividend

The Directors declares an interim dividend of HK2.8 cents per share for the six months ended 31st December 2003. The proposed interim dividend is not included as a liability in the condensed consolidated balance sheet, but as a separate component of shareholders' funds as at 31st December 2003.

An interim dividend of HK1.7 cents per share was declared for the corresponding period last year.

6. Earnings per share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the period of HK\$109,992,000 (2002: HK\$73,276,000) and on the weighted average of 641,139,000 (2002: 635,514,000) shares in issue during the period.

The fully diluted earnings per share is based on 641,139,000 shares which is the weighted average number of shares in issue during the period plus the weighted average number of 11,657,000 shares deemed to be issued at no consideration if all outstanding options had been exercised.

For the period ended 31st December 2002, no diluted earnings per share had been presented as the exercise price of the dilutive potential shares during that period was higher than the average market price of the Company's shares and, accordingly, there was no dilutive effect on the basic earnings per share.

7. Trade and bills receivables

Payment terms with customers are largely on credit. Invoices are normally payable within 90 days of issuance, except for certain well-established customers, where the terms are extended to 180 days. The Group has adopted various measures to exercise strict control over its outstanding receivables; amongst these are the uses of export credit insurance arrangements, letter of credit and factoring to minimize its credit risk. Overdue balances are regularly reviewed by the Group's senior management.

An aged analysis of the Group's trade and bills receivables as at the balance sheet date, based on the date of goods delivery and net of provision, is as follows:

	(Unaudited) 31st December 2003 HK\$'000	(Audited) 30th June 2003 HK\$'000
Within 90 days	1,040,733	976,851
Between 91 to 180 days	124,087	113,541
Over 181 days	100,022	109,083
	1,264,842	1,199,475



8. Trade and bills payables

The aged analysis of the Group's trade and bills payables as at the balance sheet date, based on the date of goods received, is as follows:

	(Unaudited) 31st December 2003 HK\$'000	(Audited) 30th June 2003 HK\$'000
Within 90 days	1,331,757	1,368,072
Between 91 to 180 days	222,840	38,683
Over 181 days	13,618	17,887
	1,568,215	1,424,642

9. Related party and connected transactions

During the period, the Group had transactions with Isystems Technology, Inc. ("Isystems"), a company of which Mr. Yang Long-san, Rowell and Mr. Yang Yun-tsay (father of Mr. Yang Long-san, Rowell) own 19.4% and 16.8% of the issued share capital, respectively. A summary of the transactions was as follow:

	(unaudited) Six month ended 31st December 2003 HK\$'000	2002 HK\$'000
Operating lease rentals paid to Isystems in respect of:		
Land and buildings	563	557
Machinery	169	167

The monthly rental expenses were calculated with reference to the prevailing market rentals as confirmed by an independent firm of professional valuers.

The directors, including the independent non-executive directors, have reviewed the above transactions and confirmed that they were carried out in the ordinary course of business and are on normal commercial terms and fair and reasonable so far as the shareholders of the Company are concerned.

10. Contingent liabilities

The Group had no significant contingent liabilities as at balance sheet date.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 14th April 2004 to Friday, 16th April 2004, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1901-5, 19/F., Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 13th April 2004.