

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

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 Institute of Certified Public Accountants and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of 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 set out in the Group's annual financial statements for the year ended 30 June 2004.

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 provide. 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, and assets are attributed to the segments based on the location of the assets.

(a) *Business segments*

For the six months ended 31 December

| | (Unaudited) CRT | | (Unaudited) LCD | | (Unaudited) Computer monitor components and parts | | (Unaudited) Elimination | | (Unaudited) Consolidated | |
|----------------------------------|---------------------------------------|------------------|------------------------------|------------------|---|------------------|----------------------------|------------------|-----------------------------|------------------|
| | 2004 Computer monitors HK\$'000 | 2003 HK\$'000 | 2004 monitors HK\$'000 | 2003 HK\$'000 | 2004 HK\$'000 | 2003 HK\$'000 | 2004 HK\$'000 | 2003 HK\$'000 | 2004 HK\$'000 | 2003 HK\$'000 |
| TURNOVER | | | | | | | | | | |
| Sales to external customers | 3,041,389 | 1,891,622 | 2,735,507 | 2,324,899 | 132,167 | 111,842 | - | - | 5,909,063 | 4,328,363 |
| Inter-segment sales * | - | - | - | - | 197,932 | 103,208 | (197,932) | (103,208) | - | - |
| | 3,041,389 | 1,891,622 | 2,735,507 | 2,324,899 | 330,099 | 215,050 | (197,932) | (103,208) | 5,909,063 | 4,328,363 |
| RESULTS | | | | | | | | | | |
| Segment results | 117,395 | 80,907 | 88,212 | 82,584 | (48,499) | 10,238 | - | - | 157,108 | 173,729 |
| Unallocated corporate income | | | | | | | | | 10,613 | 17,089 |
| Unallocated corporate expenses | | | | | | | | | (36,171) | (24,606) |
| Profit from operations | | | | | | | | | 131,550 | 166,212 |
| Finance costs | | | | | | | | | (53,999) | (40,281) |
| Share of results of associates | | | | | | | | | 1,918 | - |
| Profit before taxation | | | | | | | | | 79,469 | 125,931 |
| Income tax expense | | | | | | | | | (7,276) | (10,720) |
| Profit before minority interests | | | | | | | | | 72,193 | 115,211 |
| Minority interests | | | | | | | | | (6,383) | (5,219) |
| Net profit for the period | | | | | | | | | 65,810 | 109,992 |

* *Inter-segment sales were charged with reference to the prevailing market prices.*

(b) *Geographical segments*

For the six months ended 31 December

| | (Unaudited) North America | | (Unaudited) Western Europe | | (Unaudited) Asia | | (Unaudited) Others | | (Unaudited) Consolidated | |
|-----------------------------|------------------------------|------------------|-------------------------------|------------------|---------------------|------------------|-----------------------|------------------|-----------------------------|------------------|
| | 2004 HK\$'000 | 2003 HK\$'000 | 2004 HK\$'000 | 2003 HK\$'000 | 2004 HK\$'000 | 2003 HK\$'000 | 2004 HK\$'000 | 2003 HK\$'000 | 2004 HK\$'000 | 2003 HK\$'000 |
| TURNOVER | | | | | | | | | | |
| Sales to external customers | 2,145,609 | 1,382,855 | 1,898,759 | 1,493,360 | 1,645,237 | 1,360,506 | 219,458 | 91,642 | 5,909,063 | 4,328,363 |
| RESULTS | | | | | | | | | | |
| Segment results | 111,739 | 47,892 | 31,330 | 59,503 | 11,838 | 63,669 | 2,201 | 2,665 | 157,108 | 173,729 |

Notes:

(i) *Western 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 | |
|--------------|--|------------------|
| | 2004 HK\$'000 | 2003 HK\$'000 |
| Depreciation | 44,119 | 33,110 |

4. **Income tax expense**

| | (Unaudited) Six months ended 31st December | |
|---------------------------|--|------------------|
| | 2004 HK\$'000 | 2003 HK\$'000 |
| Current: | | |
| Hong Kong | 627 | 234 |
| Other jurisdictions | 6,649 | 10,486 |
| Tax charge for the period | 7,276 | 10,720 |

Hong Kong profits tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profits for the period.

Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. Interim dividend

The Directors declares an interim dividend of HK2.2 cents per share for the six months ended 31 December 2004. The proposed interim dividend is not included as a liability in the consolidated balance sheet, but as a separate component of shareholders' funds as at 31 December 2004. The interim dividend will be payable on or about 5 May 2005 to those shareholders whose names appear on the register of members of the Company on 22 April 2005.

An interim dividend of HK2.8 cents per share was declared for the corresponding period last year.

6. Earnings per share

The calculations of basic and fully diluted earnings per share are based on the Group's net profit for the period of HK\$65,810,000 (2003: HK\$109,992,000).

The basic earnings per share is based on the weighted average number of 642,162,000 (2003: 641,139,000) ordinary shares in issue during the period.

The fully diluted earnings per share is based on HK\$651,228,000 (2003: 652,796,000) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 9,066,000 (2003: 11,657,000) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

7. Trade and bills receivables and bank acceptance

The Group's payment terms with customers are normally within 90 days from date of issuance of invoices, except for certain well-established customers, where the terms are extended to 180 days. An aged analysis of trade and bills receivables and bank acceptance at the balance sheet date is as follows:

| | (Unaudited) 31 December 2004 HK\$'000 | (Audited) 30 June 2004 HK\$'000 |
|------------------------|--|--|
| Within 90 days | 1,666,784 | 1,171,984 |
| Between 91 to 180 days | 237,641 | 113,056 |
| Over 181 days | 208,700 | 191,205 |
| | 2,113,125 | 1,476,245 |

8. Trade and bills payables

An aged analysis of trade and bills payables at the balance sheet date is as follows:

| | (Unaudited) 31 December 2004 HK\$'000 | (Audited) 30 June 2004 HK\$'000 |
|------------------------|--|--|
| Within 90 days | 2,083,022 | 1,691,679 |
| Between 91 to 180 days | 594,205 | 485,496 |
| Over 181 days | 36,501 | 39,800 |
| | 2,713,728 | 2,216,975 |

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-tsai (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 31 December 2004 HK\$'000 | 2003 HK\$'000 |
|---|---|------------------|
| Operating lease rentals paid to Isystems in respect of: | | |
| Land and buildings | 785 | 563 |
| Machinery | 169 | 169 |

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, and the value of the aggregate rental does not exceed the thresholds under Rule 14A.33 of the revised Listing Rules which came into effect on 31 March 2004.

10. Contingent liabilities

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

11. Comparative figures

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