

Notes:

1. Basis of presentation and accounting policies

The unaudited condensed consolidated financial statements ("financial statements") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants (the "HKSA"), and Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") of the Stock Exchange of Hong Kong Limited. (the "Stock Exchange").

The accounting policies adopted and methods of computation used in the preparation of these financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2001 except that the following new/revised SSAPs have been adopted for the first time in the preparation of the current period's condensed consolidated financial statements:

- SSAP 1 (Revised): "Presentation of Financial Statements"
- SSAP 11 (Revised): "Foreign Currency Translation"
- SSAP 15 (Revised): "Cash Flow Statements"
- SSAP 34: "Employee Benefits"

A summary of their major effects is as follows:

SSAP 1 (Revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The main revision to this SSAP is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of this revised SSAP on the condensed consolidated financial statements is that the profit and loss account of subsidiaries and associates operating in Mainland China and overseas are translated at an average rate for the period on consolidation, rather than translated at the applicable rates of exchange ruling at the balance sheet date as was previously required. This SSAP is required to be applied retrospectively. The Group has adopted the transitional provision of this SSAP that where the calculation of a prior year adjustment is impractical, these changes in policy are applied only to current and future financial statements and the effect on the results of the current period is not significant.

SSAP 15 (Revised) prescribes the provision of information about the historical changes in cash and cash equivalents. The condensed consolidated cash flow statement historical changes in cash and cash equivalents. The condensed consolidated cash flow statement for the current interim period and the comparative figures are presented in accordance with the revised SSAP.

SSAP 34 prescribes the accounting and disclosure for employee benefits. This SSAP has had no major impact on the condensed consolidated financial statements.

2. Turnover and segment information

The Group is principally engaged in the manufacture and sale of ironware products, accessories for electrical appliances, optical fibre cable products, electronic products; and the trading of electrical appliances.

An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area for the six months ended 30 June 2002 is as follows:

Business segments

	Turnover		Profit from operating activities	
	Six months ended		Six months ended	
	30 June		30 June	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Manufacture and sale of ironware products	44,150	57,268	7,199	12,106
Manufacture and sale of accessories for electrical appliances	38,041	37,095	12,173	11,345
Manufacture and sale of electronic products	13,012	13,388	1,985	3,124
Manufacture and sale of optical fibre	16,777	-	139	-
Trading of electrical appliances	6,085	3,162	100	69
	<u>118,065</u>	<u>110,913</u>	<u>21,596</u>	<u>26,644</u>

Geographical segments

	Turnover		Profit from operating activities	
	Six months ended		Six months ended	
	30 June		30 June	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The People's Republic of China:				
Hong Kong	1,068	399	327	197
Elsewhere	105,736	93,116	18,636	20,890
Southeast Asian countries	6,238	12,129	1,451	3,694
Others	5,023	5,269	1,182	1,863
	<u>118,065</u>	<u>110,913</u>	<u>21,596</u>	<u>26,644</u>

3. Depreciation

During the period, depreciation of HK\$4,377,000 (2001: HK\$3,019,000) was charged in respect of the Group's fixed assets.

4. Tax

	Six months ended 30 June	
	2002	2001
	HK\$'000	<i>HK\$'000</i>
Current period provision:		
The People's Republic of China:		
Hong Kong	2	98
Elsewhere	2,063	2,961
	2,065	3,059

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2002. Taxes on profits assessable elsewhere have been calculated at the rates of tax applicable in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

5. Dividends

	Six months ended 30 June	
	2002	2001
	HK\$'000	<i>HK\$'000</i>
Adjustment to 2000 final dividend	-	160

The directors resolved not to pay an interim dividend to shareholders for the six months ended 30 June 2002.

Dividends for the six months ended 30 June 2001 represents a portion of the final dividends for the year ended 31 December 2000, in the amount of HK\$160,000, declared on shares issued pursuant to the exercise of options to subscribe for shares in the Company. These shares were also entitled to the dividend for the period concerned subsequent to the approval of the Company's audited financial statements for the year ended 31 December 2000.

6. Earnings per share

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders for the period of HK\$18,200,000 (2001: HK\$22,349,000) and the weighted average of 3,020,000,000 (2001: 3,006,077,350 ordinary shares as adjusted) ordinary shares in issue during the period.

Diluted earnings per share for the period ended 30 June 2002 have not been shown as there were no potential dilutive ordinary shares in existence during the period.

The calculation of diluted earnings per share for the period ended 30 June 2001 was based on the net profit attributable to shareholders for the period of HK\$22,349,000 and on 300,609,182 ordinary shares as adjusted for share subdivision on 30 October 2001, being the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive potential ordinary shares outstanding during the period.

7. Change of the presentation

Investment in an associate company with 50% of ownership interest attributable to the Group has been re-classified as associates instead of jointly controlled entities.

8. Trade and bills receivable

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Trade receivables	115,563	92,795
Bills receivable	3,422	13,673
	<u>118,985</u>	<u>106,468</u>

The age of the Group's trade and bills receivable is analysed as follows:

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Within 3 months	102,076	84,810
4 to 6 months	13,581	14,496
7 to 9 months	3,123	4,062
10 to 12 months	1,232	1,220
More than 1 year	257	4,461
	<u>120,269</u>	109,049
Provision for bad and doubtful debts	<u>(1,284)</u>	<u>(2,581)</u>
	<u>118,985</u>	<u>106,468</u>

It is the general policy of the Group to allow a credit period of two to three months. In addition, for certain customers with long-established relationships and good past repayment histories, a longer credit period may be granted in order to maintain a good relationship.

9. Trade And Bills Payable

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Trade payables	29,035	27,988
Bills payable	2,967	1,713
	<u>32,002</u>	<u>29,701</u>

The age of the Group's trade and bills payable is analysed as follows:

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Within 3 months	27,835	24,223
4 to 6 months	2,823	3,812
7 to 9 months	632	351
10 to 12 months	660	119
More than 1 year	52	1,196
	<u>32,002</u>	<u>29,701</u>

10. Share Capital

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Authorised: 20,000,000,000 ordinary shares of HK\$0.01 each	200,000	200,000
Issued and fully paid: Ordinary shares of HK\$0.01 each	30,200	30,200
Number of shares	<u>3,020,000,000</u>	<u>3,020,000,000</u>

11. Operating lease arrangements

The Group leases certain of its use of land under operating lease arrangements which are negotiated for a lease term of 50 years. At 30 June 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Within one year	138	138
In the second to fifth years, inclusive	565	565
After five years	9,616	9,689
	<u>10,319</u>	<u>10,392</u>

12. Commitments

- (i) The Group had the following capital commitments contracted but not provided for at the balance sheet dates:

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Additions to construction in progress and other fixed assets	7,814	18,633
Procurement of land use rights for a PRC land for 50 years	533	1,495
	<u>8,347</u>	<u>20,128</u>

13. Contingencies

Corporate guarantee in respect of banking facilities of certain subsidiaries and an associate to the extent of HK\$12 million (31 December 2001: 18 million) in aggregate. As at 30 June 2002, the banking facilities as mentioned above were utilised to the extent of approximately HK\$0.6 million (31 December 2001: 8 million). Save as disclosed above, neither the Group nor the Company had any significant contingent liabilities at 30 June 2002.

14. Pledge of assets

Certain of the Group's borrowings at 30 June 2002 were secured by leasehold properties situated in Hong Kong owned by the Group.

15. Comparative amounts

As further explained in note 1 to the financial statements, following the adoption of the revised/new SSAPs during the interim period, the accounting treatment and presentation of certain items and balances in the condensed financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation.