

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention and have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting", issued by the Hong Kong Society of Accountants ("HKSA").

In the current Period, the Company has adopted, for the first time, SSAP12 (Revised) "Accounting for income taxes" ("SSAP12 (Revised)") issued by the HKSA. SSAP12 (Revised) has introduced a new basis of accounting for income taxes (including both current tax and deferred tax). The adoption of SSAP12 (Revised) has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Other than the above, the accounting policies adopted are consistent with those followed the preparation of the Group's annual audited financial statements for the year ended 31st March, 2003.

### 2. SEGMENT INFORMATION

#### (a) Geographical segments

An analysis of the Group's turnover and results for the Period by location of customers is as follows:

	Turnover 30th September,		Segment results 30th September,	
	2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)	2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)
USA	133,608	165,123	19,892	36,528
Canada	14,412	16,243	709	2,874
Hong Kong	26,540	17,926	6,120	4,441
Mainland China	46,238	44,036	(2,405)	2,003
Europe	15,697	9,402	1,364	1,631
Others	10,733	9,714	1,308	2,137
	<b>247,228</b>	262,444	<b>26,988</b>	49,614
Unallocated costs			(21,502)	(29,806)
Operating profit			<b>5,486</b>	19,808

#### (b) Business segments

No business segment information is provided as over 90% of the turnover and contribution to the Group's results are attributable to the manufacturing and trading of household products.

### 3. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30th September,	
	2003 <i>HK\$'000</i> (unaudited)	2002 <i>HK\$'000</i> (unaudited)
<b>Crediting</b>		
Interest income	487	521
Rental income (less outgoings)	222	204
Write-back of provision for impairment in value of an associated company	40	–
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<b>Charging</b>		
Depreciation	17,860	19,006
Provision for inventory obsolescence	1,376	900
Provision for bad and doubtful debts	838	1,515
Exchange loss, net	290	635
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### 4. TAXATION

	Six months ended 30th September,	
	2003 <i>HK\$'000</i> (unaudited)	2002 <i>HK\$'000</i> (unaudited)
Hong Kong profits tax	64	–
Mainland China income tax	122	400
Deferred tax	–	326
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	186	726
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Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the Period.

Mainland China income tax has been provided at the rate of 15% (2002: 15%) on the estimated assessable profit generated by the Mainland China subsidiary.

Deferred tax represents the taxation effect of the timing differences arising from accelerated depreciation allowances.

**5. DIVIDENDS**

The directors of the Company do not recommend the payment of interim dividend (2002: Nil) in respect of the Period.

**6. EARNINGS PER SHARE**

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

	Six months ended 30th September,	
	2003 HK\$'000 (unaudited)	2002 HK\$'000 (unaudited)
<b>Earnings</b>		
Earnings for calculating basic earnings per share	1,352	14,602
Adjustment to the assumption that all convertible bonds were converted at the beginning of the Period	945	962
Earnings for calculating diluted earnings per share	2,297	15,564
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares used in calculating basic earnings per share	868,733	868,733
Deemed issue of ordinary shares at no consideration	435,634	435,634
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,304,367	1,304,367

The diluted earnings per share for the Period has not been shown as the effect arising from the exercise of convertible bonds would be anti-dilutive.

**7. ADDITIONS TO FIXED ASSETS**

During the Period, the Group has spent approximately HK\$10.7 million (for the six months ended 30th September, 2002: HK\$0.9 million) on the construction of its production premises and HK\$17.5 million (for the six months ended 30th September, 2002: HK\$24.1 million) on additions to manufacturing facility and equipment in order to enhance its manufacturing capabilities.

#### 8. TRADE AND BILLS RECEIVABLES

An aging analysis of trade and bills receivables is set out below:

	<b>30th September, 2003 HK\$'000 (unaudited)</b>	31st March, 2003 HK\$'000 (audited)
Less than 1 month	35,596	40,857
1 month to 2 months	23,670	25,427
2 months to 3 months	17,583	15,915
3 months to 6 months	12,976	12,903
6 months to 1 year	6,921	4,737
More than 1 year	7,106	6,409
	<b>103,852</b>	106,248
Less: Provision for bad and doubtful debts	<b>(11,253)</b>	(10,650)
	<b>92,599</b>	95,598

Trade receivables are due after 30 days to 60 days.

#### 9. TRADE PAYABLES

An aging analysis of trade payables is set out below:

	<b>30th September, 2003 HK\$'000 (unaudited)</b>	31st March, 2003 HK\$'000 (audited)
Less than 3 months	41,050	52,678
3 months to 6 months	21,936	7,396
6 months to 1 year	3,680	793
More than 1 year	481	977
	<b>67,147</b>	61,844

## 10. COMMITMENTS

	<b>30th September, 2003 HK\$'000 (unaudited)</b>	31st March, 2003 HK\$'000 (audited)
(a) Capital commitments for land and buildings, and plant and machinery		
Authorised and contracted for	<b>18,151</b>	6,730
(b) Non-cancellable operating commitments		
Properties		
Not later than 1 year	<b>4,310</b>	3,491
Later than 1 year and not later than 5 years	<b>2,326</b>	2,838
	<b>6,636</b>	6,329

## 11. RESTRICTED BANK DEPOSITS AND BALANCES

As at 30th September, 2003, the Group has a total of restricted bank deposits and balances of approximately HK\$150.6 million (31/3/2003: HK\$40.9 million), comprising HK\$100 million held by a bank for the purpose of prepayment of the indebtedness under a previous debt restructuring proposal, HK\$10 million held for prepayment of working capital line and HK\$40.6 million held for the purpose of granting general banking facilities.