

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31st March, 2004.

3. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that geographical segments are its primary reporting format and no business segment information is presented as over 90% of the turnover and contribution to the Group's results are attributable to the manufacturing and trading of household products.

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

	Turnover Six months ended 30th September,		Segment results Six months ended 30th September,	
	2004 HK\$'000 (Unaudited)	2003 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited)	2003 HK\$'000 (Unaudited)
USA	171,294	133,608	16,715	19,892
Canada	11,133	14,412	821	709
Hong Kong	26,111	26,540	6,494	6,120
Mainland China	30,647	46,238	(5,841)	(2,405)
Europe	16,783	15,697	2,483	1,364
Others	8,862	10,733	1,472	1,308
	264,830	247,228	22,144	26,988
Unallocated corporate expenses			(24,264)	(21,502)
(Loss)/Profit from operations			(2,120)	5,486
Finance costs			(2,946)	(3,607)
Share of loss of an associate			(683)	(341)
Taxation			(156)	(186)
(Loss)/Profit attributable to shareholders			(5,905)	1,352

4. (LOSS) / PROFIT FROM OPERATIONS

This is stated after crediting and charging the following:

	Six months ended 30th September,	
	2004 HK\$'000 (unaudited)	2003 HK\$'000 (unaudited)
Depreciation	17,248	17,860
Provision for inventory obsolescence	247	1,376
Provision for bad and doubtful debts	2,872	838
Exchange loss, net	222	304
Staff costs	34,540	38,360
Bank interest income	(15)	(141)
Rental income, net of outgoings	(205)	(222)
Write-back of provision for impairment in value of an associated company	0	(40)

5. TAXATION

	Six months ended 30th September,	
	2004 HK\$'000 (unaudited)	2003 HK\$'000 (unaudited)
Current period provision:		
Hong Kong profits tax	0	64
PRC enterprise income tax	156	122
	156	186

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the Period.

PRC enterprise income tax has been provided at 15% (2003: 15%) on the estimated assessable profit generated by the PRC subsidiary.

No provision for deferred taxation has been recognised in the condensed consolidated financial statements as the amount involved is insignificant.

6. DIVIDEND

The directors of the Company do not recommend the payment of interim dividend (2003: Nil) in respect of the Period.

7. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to shareholders for the Period of HK\$5,905,000 (2003: profit of HK\$1,352,000), divided by the weighted average number of ordinary shares outstanding during the Period of 868,733,440 shares (2003: 868,733,440 shares).

No diluted loss per share has been presented as the Company did not have any dilutive potential ordinary shares during the Period. The diluted earnings per share for the same period of last year has not been shown as the effect arising from the exercise of convertible bonds would be anti-dilutive.

8. ADDITIONS TO FIXED ASSETS

During the Period, the Group spent approximately HK\$16.1 million (six months ended 30th September, 2003: approximately HK\$28.2 million) on acquisition of property, plant and equipment.

9. TRADE AND BILLS RECEIVABLES

The Group in general allows a credit period of 30 to 60 days to its trade customers. An ageing analysis of the Group's trade and bills receivables (net of provision for bad and doubtful debts) is set out below:

	30th September, 2004 HK\$'000 (unaudited)	31st March, 2004 HK\$'000 (audited)
Less than 1 month	43,963	39,565
1 month to 2 months	32,741	23,096
2 months to 3 months	16,274	9,546
3 months to 6 months	14,438	15,787
6 months to 1 year	4,156	4,971
	111,572	92,965

10. TRADE PAYABLES

An ageing analysis of trade payables is set out below:

	30th September, 2004 HK\$'000 (unaudited)	31st March, 2004 HK\$'000 (audited)
Less than 3 months	55,511	50,212
3 months to 6 months	24,357	22,084
6 months to 1 year	12,110	12,005
More than 1 year	1,631	560
	93,609	84,861

11. COMMITMENTS

(a) Capital expenditure commitments

	30th September, 2004 HK\$'000 (unaudited)	31st March, 2004 HK\$'000 (audited)
Contracted but not provided for, net of deposits paid	10,460	13,047

(b) Commitments under operating leases

The Group had total future minimum lease payments under non-cancelable operating leases, which are payable as follows:

	30th September, 2004 HK\$'000 (unaudited)	31st March, 2004 HK\$'000 (audited)
Not later than 1 year	2,217	3,251
Later than 1 year and not later than 5 years	903	1,156
	3,120	4,407

12. RESTRICTED BANK BALANCE AND DEPOSITS

As at 30th September, 2004, the Group has a total of restricted bank deposits of approximately HK\$7.5 million (31st March, 2004: HK\$7.5 million) held by a bank for the purpose of granting general banking facilities.