

## 1. ACCOUNTING POLICIES

### (i) Basis of preparation

The condensed 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 (the "Listing Rules") and with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

### (ii) Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March, 2001, except that in the current period, the Group has adopted, for the first time, a number of new/revised SSAPs issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following change in accounting policy.

#### *Dividends proposed or declared after the balance sheet date*

In accordance with SSAP No. 9 (Revised) "Events after the Balance Sheet Date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as a component of reserves. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment of increasing the shareholders' funds at 31 March, 2001 by HK\$20,126,000 (increase of HK\$18,983,000 at 31 March, 2000).

## 2. SEGMENTAL INFORMATION

	Turnover Unaudited		Profit from operations Unaudited	
	Six months ended 30 September,		Six months ended 30 September,	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Business segments</b>				
Manufacturing and trading of household electrical appliances	286,013	312,828	37,162	36,494
Manufacturing and trading of the personal care products	114,228	192,474	2,448	17,077
Manufacturing and trading of toys (Note i)	–	8,568	(172)	647
	<u>400,241</u>	<u>513,870</u>	<u>39,438</u>	<u>54,218</u>
<b>Geographical segments</b>				
America	168,819	232,674	17,064	24,549
Europe	171,247	218,614	17,023	23,066
Asia	44,543	45,833	4,287	4,836
Australia and New Zealand	10,133	11,669	450	1,231
Africa	5,499	5,080	614	536
	<u>400,241</u>	<u>513,870</u>	<u>39,438</u>	<u>54,218</u>

Notes:

- (i) During the current period, the Group ceased to manufacture and trade toys. In the six months ended 30 September, 2000, all toys were mainly sold to the American region.
- (ii) The breakdown of turnover by geographical market is determined on the basis of the destination of shipments of products ex-factory.

**3. PROFITS FROM OPERATIONS**

	Unaudited Six months ended 30 September,	
	2001	2000
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:		
Amortisation of intangible assets	1,000	1,000
Depreciation on property, plant and equipment	20,932	14,172
Loss on disposal of property, plant and equipment	<u>—</u>	<u>352</u>

**4. TAXATION**

	Unaudited Six months ended 30 September,	
	2001	2000
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax calculated at 16% on estimated assessable profit		
Current period	5,306	7,605
Overprovision in prior period	(400)	—
Income tax in other regions in the People's Republic of China calculated at applicable rates		
Current period	246	900
Under (over) provision in prior period	<u>901</u>	<u>(98)</u>
	6,053	8,407
Deferred taxation	<u>2,069</u>	<u>2,445</u>
	<u>8,122</u>	<u>10,852</u>

**5. DIVIDENDS**

On 3 September, 2001, a dividend of 6 cents (2000 final dividend: 6 cents) per share was paid to the shareholders as the final dividend for the year ended 31 March, 2001.

The board of directors have determined that an interim dividend of HK2 cents (2000: HK2 cents) per share shall be paid on or before 22 January, 2002 to the shareholders of the Company whose names appear on the Register of Members on 8 January, 2002.

## 6. EARNINGS PER SHARE

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

	Unaudited Six months ended 30 September,	
	2001 HK\$'000	2000 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>33,001</u>	<u>48,111</u>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>335,432,520</u>	319,678,968
Effect of dilutive share options		<u>12,382,865</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share		<u>332,061,833</u>

As all the outstanding share options lapsed on 24 September, 2000, there was no effect of dilutive share options for the current period.

## 7. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$23,239,000 on additions to property, plant and equipment (2001: HK\$33,747,000).

## 8. TRADE DEBTORS AND BILLS RECEIVABLE

The Group maintains defined credit policy. An aged analysis of trade debtors and bills receivable at the reporting dates is as follows:

	Unaudited 30 September, 2001 HK\$'000	Audited 31 March, 2001 HK\$'000
up to 90 days	148,260	85,113
91 – 120 days	6,864	172
over 120 days	1,493	–
	<u>156,617</u>	<u>85,285</u>

## 9. TRADE CREDITORS AND BILLS PAYABLE

An aged analysis of trade creditors and bills payable at the reporting date is as follows:

	Unaudited 30 September, 2001 HK\$'000	Audited 31 March, 2001 HK\$'000
up to 90 days	85,843	44,569
91 – 120 days	200	596
over 120 days	1,253	862
	<u>87,296</u>	<u>46,027</u>

## 10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April, 2001 and at 30 September, 2001	<u>600,000,000</u>	<u>60,000</u>
Issued and fully paid:		
At 1 April, 2001 and at 30 September, 2001	<u>335,432,520</u>	<u>33,543</u>

There were no movements in the Company's share capital for the current period.

## 11. RESERVES

	Share premium HK\$'000	Dividend reserve HK\$'000	Capital reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April, 2000							
– as originally stated	103,978	–	114	3,687	793	147,071	255,643
– prior period adjustment (note i)	–	18,983	–	–	–	–	18,983
– at restated	103,978	18,983	114	3,687	793	147,071	274,626
Valuation decrease	–	–	–	(15,177)	–	–	(15,177)
Reserve realised upon disposal	–	–	–	(2,924)	–	–	(2,924)
Impairment loss charged to income statement	–	–	–	10,920	–	–	10,920
On issue of ordinary shares	5,906	–	–	–	–	–	5,906
Profit for the year	–	–	–	–	–	84,621	84,621
Dividends declared	–	27,942	–	–	–	(27,942)	–
Dividends paid	–	(26,799)	–	–	–	–	(26,799)
At 31 March, 2001 (audited and restated)	109,884	20,126	114	(3,494)	793	203,750	331,173
Valuation decrease	–	–	–	(1,787)	–	–	(1,787)
Profit for the period	–	–	–	–	–	33,001	33,001
Dividends declared	–	6,709	–	–	–	(6,709)	–
Dividends paid	–	(20,126)	–	–	–	–	(20,126)
At 30 September, 2001 (unaudited)	<u>109,884</u>	<u>6,709</u>	<u>114</u>	<u>(5,281)</u>	<u>793</u>	<u>230,042</u>	<u>342,261</u>

## 12. CAPITAL COMMITMENTS

	<b>Unaudited</b> <b>30 September,</b> <b>2001</b> <i>HK\$'000</i>	<b>Audited</b> <b>31 March,</b> <b>2001</b> <i>HK\$'000</i>
Capital expenditure authorized and contracted for in respect of:		
Factory premises under construction	939	5,203
Acquisition of other property, plant and equipment	<u>233</u>	<u>1,136</u>
	<u><u>1,172</u></u>	<u><u>6,339</u></u>

## 13. RELATED PARTY TRANSACTIONS

During the period rental expenses paid and payable to Allan Investment Company Limited amounted to HK\$450,000 (2000: HK\$450,000) and Income Village Limited amounted to HK\$102,000 (2000: HK\$102,000). The rentals were determined with reference to estimated market value.

Mr. Cheung Lun, Mr. Cheung Pui, Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie and Ms. Cheung Lai See, Sophie, directors of the Company, were interested in these transactions as directors and/or substantial shareholders of the above mentioned related companies.