

Notes to the Proforma Unaudited Combined Results

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION OF THE PROFORMA UNAUDITED COMBINED RESULTS

The proforma unaudited combined results of the group for the two years ended 31 December 2000 and 2001 include the results of the companies comprising the group as at 31 December 2001 as if the current group structure had been in existence and remained unchanged throughout the two years. Details of the subsidiaries of the company at 31 December 2001 are set out in note 16 on the audited financial statements.

The combined results of the group for the year ended 31 December 2000 have been extracted from the Accountants' Report included in the company's prospectus for the new issue and placing of shares dated 29 January 2002. The combined results of the group for the year ended 31 December 2001 have been prepared based on the audited financial statements or management accounts of the companies now comprising the group.

2 TURNOVER

Turnover represents the net invoiced value of goods sold, excludes value added tax and is net of any trade discounts.

- (i) The amount of each significant category of revenue recognised in turnover during the year is as follows:

	Unaudited 2001 \$'000	Audited 2000 \$'000
Sales of plush stuffed toys	756,049	788,553
Sales of steel and plastic toys	74,844	85,848
	830,893	874,401

- (ii) An analysis of the group's turnover by geographical location* is as follows:

	Unaudited 2001 \$'000	Audited 2000 \$'000
Turnover:		
– United States of America	403,338	405,252
– Japan	306,967	332,968
– South East Asia (other than Japan)	63,045	96,599
– Europe	51,542	27,069
– Others	6,001	12,513
	830,893	874,401

* Turnover by geographical location is determined on the basis of the destination of delivery of goods.

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3 TAXATION

	Unaudited	Audited
	2001	2000
	\$'000	\$'000
Provision for Hong Kong Profits Tax for the year	5,341	2,888
Underprovision in respect of prior years	1,012	528
	6,353	3,416
Deferred taxation	191	446
Overseas taxation	36	6
	6,580	3,868

The provision for Hong Kong Profits Tax is calculated based on 16% of the estimated assessable profits arising in Hong Kong for each year.

In accordance with the relevant regulations and the Enterprises Income Tax Law applicable in the People's Republic of China ("PRC"), the PRC subsidiaries are exempted from Enterprise Income Tax for two years starting from its first profit making year and thereafter subject to Enterprise Income Tax at 50% of the standard tax rate for the following three years. As at 31 December 2001, all of the PRC subsidiaries are exempted from Enterprise Income Tax.

4 PROFORMA EARNINGS PER SHARE

(a) Proforma basic earnings per share

The calculation of the proforma basic earnings per share is based on the proforma combined profit attributable to shareholders of \$98,520,000 (2000: \$88,246,000) and the 487,500,000 ordinary shares (2000: weighted average of 385,611,546 shares) in issue during the year, after adjusting for the subdivision of shares in December 2001 and the capitalisation issue of shares subsequent to the year end, as disclosed in note 23 on the audited financial statements.

(b) Proforma diluted earnings per share

Proforma diluted earnings per share for the year were not disclosed as there were no dilutive potential ordinary shares during the year.