

Notes to the condensed financial statements

For the six months ended 30th June 2002

1. SIGNIFICANT ACCOUNTING POLICIES

The interim report has been prepared in accordance with the Statement of Standard Accounting Practice No. 25 "Interim financial reporting ("SSAP 25") issued by the Hong Kong Society of Accountants.

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

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

The principal accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st December 2001 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants which are effective for accounting period commencing on or after 1st January 2002 and applicable to the Group:

| | |
|---------------------|--------------------------------------|
| SSAP 1 (revised) : | Presentation of financial statements |
| SSAP 15 (revised) : | Cash flow statements |
| SSAP 25 (revised) : | Interim financial reporting |
| SSAP 34 : | Employee benefits |

The effect of adopting this new and revised accounting policies described above on the financial position of the Group at 30th June 2001 is insignificant. Disclosure and certain comparative figures have been modified accordingly.

3. SEGMENT INFORMATION

| | For the six months ended 30th June | | | |
|---------------------------------------|------------------------------------|------------------|--|-----------------------------------|
| | Turnover | | Contribution to results from ordinary activities before taxation | |
| | 2002 HK\$'000 | 2001 HK\$'000 | 2002 HK\$'000 | 2001 HK\$'000 (as restated) |
| By principal activity: | | | | |
| Manufacture and trading of | | | | |
| Power and outdoor products | 3,140,168 | 1,600,563 | 182,696 | 115,050 |
| Floor care appliances products | 617,795 | 524,789 | 15,900 | 17,254 |
| Solar powered and electronic products | 123,755 | 102,807 | 21,910 | 13,238 |
| Other products | 77,132 | 87,470 | 4,659 | 9,459 |
| | 3,958,850 | 2,315,629 | 225,165 | 155,001 |
| Finance costs | | | (37,548) | (47,814) |
| Contribution from associates | | | (168) | (280) |
| Profit before taxation | | | 187,449 | 106,907 |
| By geographical market location: | | | | |
| North America | 3,307,651 | 1,963,013 | 199,255 | 131,702 |
| Europe | 506,408 | 250,800 | 15,179 | 10,694 |
| Other countries | 144,791 | 101,816 | 10,731 | 12,605 |
| | 3,958,850 | 2,315,629 | 225,165 | 155,001 |
| Finance costs | | | (37,548) | (47,814) |
| Contribution from associates | | | (168) | (280) |
| Profit before taxation | | | 187,449 | 106,907 |

4. TAXATION

| | For the six months ended 30th June | |
|---|------------------------------------|------------------|
| | 2002 HK\$'000 | 2001 HK\$'000 |
| The total tax charge comprises: | | |
| Hong Kong Profit Tax calculated at 16% of the estimated assessable profit of the period | 13,877 | 9,000 |
| Overseas taxation on profit for the period | 1,043 | 616 |
| | 14,920 | 9,616 |

5. EARNINGS PER SHARE

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

| | For the six months ended 30th June | |
|---|------------------------------------|------------------|
| | 2002 HK\$'000 | 2001 HK\$'000 |
| Earnings for the purposes of basic and diluted earnings per shares: | | |
| Profit for the period | 167,625 | 94,300 |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 598,395,714 | 562,987,936 |
| Effect of dilutive potential ordinary shares: | | |
| Options | 9,583,121 | 2,016,788 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 607,978,835 | 565,004,724 |

6. TRADE RECEIVABLES

The Group has a policy of allowing credit periods ranging from 60 days to 120 days. The aging analysis of trade receivables is as follows:

| | 30th June 2002 HK\$'000 | 31st December 2001 HK\$'000 | 30th June 2001 HK\$'000 |
|-------------------------|-------------------------------|-----------------------------------|-------------------------------|
| 0 – 60 days | 877,688 | 433,714 | 458,683 |
| 61 – 120 days | 147,114 | 81,058 | 58,771 |
| Over 121 days | 53,276 | 37,542 | 46,853 |
| Total trade receivables | 1,078,078 | 552,314 | 564,307 |
| Other receivables | 54,098 | 46,047 | 29,876 |
| | 1,132,176 | 598,361 | 594,183 |

7. TRADE PAYABLES

The aging analysis of trade payables is as follows:

| | 30th June 2002 HK\$'000 | 31st December 2001 HK\$'000 | 30th June 2001 HK\$'000 |
|----------------------|--|-----------------------------------|-------------------------------|
| 0 – 60 days | 592,523 | 293,334 | 434,442 |
| 61 – 120 days | 73,858 | 146,230 | 61,996 |
| Over 121 days | 9,795 | 35,649 | 5,160 |
| Total trade payables | 676,176 | 475,213 | 501,598 |
| Other payables | 896,401 | 654,466 | 213,760 |
| | 1,572,577 | 1,129,679 | 715,358 |

8. SHARE CAPITAL

| | Number of Shares | | Share Capital | |
|--|---------------------------|-----------------------|--|-----------------------------------|
| | 30th June 2002 | 31st December 2001 | 30th June 2002 HK\$'000 | 31st December 2001 HK\$'000 |
| Ordinary shares of HK\$0.20 each Authorised | 800,000,000 | 800,000,000 | 160,000 | 160,000 |
| Issued and fully paid: | | | | |
| At 1st January | 574,516,826 | 561,216,826 | 114,903 | 112,243 |
| Issue of shares during the period | 69,800,000 | 13,300,000 | 13,960 | 2,660 |
| | 644,316,826 | 574,516,826 | 128,863 | 114,903 |

The shares issued during the period rank pari passu in all respects with the existing shares.

9. RESERVES

| | Share premium HK\$'000 | Translation reserve HK\$'000 | Retained profits HK\$'000 | Total HK\$'000 |
|---|------------------------------|------------------------------------|---------------------------------|-------------------|
| THE GROUP | | | | |
| At 1st January 2002 | 242,313 | (5,244) | 751,402 | 988,471 |
| Net loss not recognised in the income statement | | | | |
| Exchange differences on translation of overseas operations | — | (6,021) | — | (6,021) |
| Premium on shares issued | 368,692 | — | — | 368,692 |
| Profit for the period | — | — | 167,625 | 167,625 |
| Final dividend – 2001 | — | — | (45,025) | (45,025) |
| At 30th June 2002 | 611,005 | (11,265) | 874,002 | 1,473,742 |