

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

The condensed consolidated interim financial statements 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").

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are same as those used in the Group's annual financial statements for the year ended 31st March, 2002 except that the Group has changed certain of its accounting policies following its adoption of the new and revised SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January, 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 34	:	Employee benefits

The changes to the Group's accounting policies and the effect of adopting these new or revised SSAPs are set out below:

- (a) Upon adoption of SSAP 1 (revised), SSAP 15 (revised) and SSAP 25 (revised), certain presentation changes have been made in the condensed consolidated interim financial statements. Certain comparative figures have been reclassified or restated to conform with current year's presentation.
- (b) SSAP 34: Employee benefits

Employee entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leaves and maternity are not recognized until the time of leave.

In prior periods, no provision was made for employee entitlements to annual leaves. This is a change in accounting policy; however, the adoption of SSAP 34 has no material effect on the accounts and the provision for employee entitlements to annual leaves have not been restated in prior periods.

- (c) The adoption of SSAP11 (revised) does not have any significant effect on the results for the current or prior accounting period.

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		Segment results	
	Six Months Ended		Six Months Ended	
	30th September,		30th September,	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
USA	165,123	114,502	36,528	19,066
Canada	16,243	11,303	2,874	2,165
Hong Kong	17,926	21,535	4,441	3,673
Mainland China	44,036	43,640	2,003	6,134
Europe	9,402	8,512	1,631	1,488
Others	9,714	7,070	2,137	1,634
	262,444	206,562	49,614	34,160
Unallocated expenses			(29,806)	(23,904)
Profit from operating activities			19,808	10,256

(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. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after crediting and charging the following:

	Six Months Ended 30th September,	
	2002 <i>HK\$'000</i> (unaudited)	2001 <i>HK\$'000</i> (unaudited)
Crediting		
Interest income	521	1,039
Rental income (less outgoings)	204	255
Exchange gain, net	–	611
Charging		
Depreciation	19,006	20,687
Interest on borrowings	3,792	6,310
Provision for inventory obsolescence	900	1,632
Provision for bad and doubtful debts	1,515	2,297
Exchange loss, net	635	–
Severance payments	2,038	900

4. TAX

	Six Months Ended 30th September,	
	2002 <i>HK\$'000</i> (unaudited)	2001 <i>HK\$'000</i> (unaudited)
The charge comprises:		
Hong Kong profits tax	–	–
Mainland China income tax	400	387
Deferred tax	326	–
	726	387

Hong Kong profits tax has been calculated at the rate of 16% (2001: 16%) on the estimated assessable profit for the Period. Mainland China income tax has been provided at a rate of 15% (2001: reduced rate 7.5%) on the estimated assessable profit generated by 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 (2001: Nil) in respect of the Period.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the Period of approximately HK\$14,602,000 (2001: HK\$3,564,000), divided by the weighted average number of ordinary shares outstanding during the Period of 868,733,440 shares (2001: 868,733,440 shares).

The calculation of diluted earnings per share is based on adjusted consolidated net profit of approximately HK\$15,563,812 (2001: HK\$4,525,000) on the assumption that all convertible bonds were converted at the beginning of the Period and on the weighted average number of 1,304,366,720 shares (2001: 1,304,366,720 shares) deemed to have been in issue during the Period.

7. ADDITIONS TO FIXED ASSETS

During the Period, the Group has spent approximately HK\$0.9 million (six months ended 30th September, 2001: HK\$1.0 million) on the improvement of its production premises and HK\$24.1 million (six months ended 30th September, 2001: HK\$7.1 million) on additions to manufacturing plant and equipment in order to upgrade its manufacturing capabilities.

8. TRADE AND BILLS RECEIVABLES

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

	30th September, 2002	31st March, 2002
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Less than 1 month	50,250	35,924
1 month to 2 months	31,998	20,780
2 months to 3 months	13,464	12,075
3 months to 6 months	9,331	9,116
6 months to 1 year	4,995	4,776
More than 1 year	5,966	5,440
	116,004	88,111
Less: Provision for bad and doubtful debts	(12,385)	(11,077)
	103,619	77,034

Trade receivables are due after 30 days to 60 days.

9. TRADE PAYABLES

An aging analysis of trade payables is set out below:

	30th September, 2002 HK\$'000 (unaudited)	31st March, 2002 HK\$'000 (audited)
Less than 3 months	43,824	25,665
3 months to 6 months	870	1,818
6 months to 1 year	105	1,245
More than 1 year	1,810	295
	46,609	29,023

10. COMMITMENTS

	30th September, 2002 HK\$'000 (unaudited)	31st March, 2002 HK\$'000 (audited)
Authorised and contracted for:		
Purchases of land and buildings, and plant and machinery	5,000	1,073
Non-cancellable lease commitments		
Properties		
Not later than 1 year	685	3,789
Later than 1 year and not later than 5 years	2,816	4,288
Later than 5 years	-	12
	3,501	8,089
	8,501	9,162

11. RESTRICTED BANK DEPOSITS

As at 30th September, 2002, the Group has a total of restricted bank deposits of approximately HK\$42.4 million (31st March, 2002: HK\$42.1 million) held by a bank for the purpose of granting general banking facilities.