

1. GROUP REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company is incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. Its shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18th December 2002. Its ultimate holding company is Imperial Profit Enterprises Limited, a company incorporated in the British Virgin Islands.

Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the structure of the group in preparation for the listing of the Company's shares on the Stock Exchange, on 26th November 2002, the Company issued shares in exchange for the entire issued share capital of Warderly Group Limited and thereby became the holding company of the companies now comprising the Group. Further details of the Group Reorganisation were set out in the prospectus of the Company dated 29th November 2002 (the "Prospectus").

The group comprising the Company and its subsidiaries (the "Group") resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the financial statements of the Group for the year ended 30th April 2002 and 30th April 2003 have been prepared on the basis as if the Company had always been the holding company of the Group using the principles of merger accounting in accordance with the Statement of Standard Accounting Practice ("SSAP") 27 "Accounting for Group Reconstructions" issued by the Hong Kong Society of Accountants.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 31.

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

In the current year, the Group has adopted, for the first time, a number of new and revised SSAPs. The adoption of these Standards has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, and in the adoption of certain new and revised accounting policies. Further details of the effect on the adoption of these SSAPs are as follows:

Foreign currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of overseas subsidiaries at the closing rate for the year, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

For the year ended 30th April 2003

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE *(continued)*

Cash flow statements

Under SSAP 15 (Revised) "Cash Flow Statements", cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest received, which were previously presented under a separate heading are classified as investing cash flows. Interest and dividend paid which was previously presented under a separate heading is classified as operating cash flows. Cash flow arising from taxes on income are classified as operating activities unless they can be separately identified with investing or financing activities.

Employee benefits

SSAP 34 "Employee Benefits" introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30th April each year.

The results of subsidiaries acquired or disposed of during the year (other than those acquired pursuant to the Group Reorganisation, details of which are set out in note 1) are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Investment in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

*For the year ended 30th April 2003***3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Revenue recognition**

Sales of goods are recognised when goods are delivered and title has passed.

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Turnover

Turnover represents the amount received and receivable for goods sold to outside customers less returns and allowances.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and amortisation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Leasehold land	Over the term of the lease
Buildings	2%
Leasehold improvement	25%
Moulds	33 $\frac{1}{3}$ %
Plant, machinery and equipment	10%
Furniture and fixtures	25%
Motor vehicles	20%

Construction in progress is carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

For the year ended 30th April 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Investments in securities

Investment in securities are recognised on a trade-date basis and are initially measured at cost.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

*For the year ended 30th April 2003***3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Foreign currencies**

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the year.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Retirement benefit scheme

The retirement benefits scheme costs charged in the income statement represent the amount of contributions payable in respect of the current year to the Group's defined contribution scheme.

For the year ended 30th April 2003

4. SEGMENTAL INFORMATION

All of the Group's turnover, assets and liabilities were derived from the manufacturing and trading of electrical appliances. Accordingly, no analysis of financial information by business segment is presented.

An analysis of the Group's turnover and net profits for the year and segmental assets and liabilities by geographical market are as follows:

By geographical market

	Europe HK\$'000	North America HK\$'000	South America HK\$'000	Asia (other than the PRC HK\$'000	PRC HK\$'000	Australia and New Zealand HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
<i>For the year ended 30th April 2003</i>									
TURNOVER									
External sales	108,154	18,656	2,557	30,052	64,661	10,675	1,180	-	235,935
Inter-segment sales	-	-	-	-	114,231	-	-	(114,231)	-
Total	108,154	18,656	2,557	30,052	178,892	10,675	1,180	(114,231)	235,935
Inter-segment sales are charged at prevailing market rates									
RESULT									
Segment results	46,257	8,302	1,120	12,832	28,063	4,654	487	-	101,715
Unallocated corporate expenses									(34,341)
Profit from operations									67,374
Finance costs									(2,237)
Profit before taxation									65,137
Taxation									(8,740)
Net profit for the year									56,397
<i>Other information for the year ended 30th April 2003</i>									
Capital additions	-	-	-	-	72,306	-	-	-	72,306
Depreciation and amortisation	-	-	-	-	19,207	-	-	-	19,207
<i>Assets and liabilities at 30th April 2003</i>									
ASSETS									
Segment assets	11,156	2,679	190	7,891	51,080	-	-	-	72,996
Unallocated corporate assets	-	-	-	-	-	-	217,291	-	217,291
Combined total assets									290,287
LIABILITIES									
Segment liabilities	-	-	-	11,244	29,065	-	-	-	40,309
Unallocated corporate liabilities	-	-	-	-	-	-	70,782	-	70,782
Combined total liabilities									111,091

For the year ended 30th April 2003

4. SEGMENTAL INFORMATION (continued)

By geographical market (continued)

	Europe HK\$'000	North America HK\$'000	South America HK\$'000	Asia (other than the PRC HK\$'000	PRC HK\$'000	Australia and New Zealand HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
<i>For the year ended 30th April 2002</i>									
TURNOVER									
External sales	98,995	14,497	1,375	36,173	47,185	6,671	2,657	-	207,553
Inter-segment sales	-	-	-	-	131,007	-	-	(131,007)	-
Total	98,995	14,497	1,375	36,173	178,192	6,671	2,657	(131,007)	207,553
Inter-segment sales are charged at prevailing market rate									
RESULT									
Segment results	42,290	6,408	602	15,446	20,338	2,911	1,166	-	89,161
Unallocated corporate expenses									(29,722)
Profit from operations									59,439
Finance costs									(1,581)
Profit before taxation									57,858
Taxation									(6,658)
Net profit for the year									51,200
<i>Other information for the year ended 30th April 2002</i>									
Capital additions	-	-	-	-	15,389	-	-	-	15,389
Depreciation and amortisation	-	-	-	-	11,353	-	-	-	11,353
<i>Assets and liabilities at 30th April 2002</i>									
ASSETS									
Segment assets	9,360	5	-	2,441	37,921	1,279	-	-	51,006
Unallocated corporate assets	-	-	-	-	-	-	131,720	-	131,720
Combined total assets									182,726
LIABILITIES									
Segment liabilities	-	-	-	6,111	43,842	-	-	-	49,953
Unallocated corporate liabilities	-	-	-	-	-	-	35,658	-	35,658
Combined total liabilities									85,638

For the year ended 30th April 2003

5. PROFIT FROM OPERATIONS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Profit from operations has been arrived at after charging:		
Auditors' remuneration	855	1,055
Staff costs, including directors' emoluments	21,586	13,838
Retirement benefits scheme contributions	724	500
Depreciation and amortisation of property, plant and equipment	19,207	11,353
and after crediting:		
Interest income	16	82

6. FINANCE COSTS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Interest on borrowings wholly repayable within five years:		
Bank borrowings and overdraft	1,733	1,500
Other borrowings	323	81
Finance leases	181	–
	2,237	1,581

For the year ended 30th April 2003

7. DIRECTORS' EMOLUMENTS

	2003 HK\$'000	2002 HK\$'000
Fees:		
Executive directors	-	-
Independent non-executive directors	125	-
Other emoluments of executive directors:		
Salaries and other benefits	3,624	461
Contribution to retirement benefits scheme	12	12
	3,761	473

During the year, the Group provided the rent free accommodation to one of the directors of the Company, the ratable value of this property amounting to HK\$127,000 (2002: Nil).

The emoluments of the directors were within the following bands:

	2003 No. of Directors	2002 No. of Directors
Nil to HK\$1,000,000	3	2
HK\$1,000,001 to 2,000,000	2	-
	5	2

For the year ended 30th April 2003

8. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three were directors of the Company whose emoluments are included in the disclosures in note 7 above. The emoluments of the remaining two individuals were as follows:

	2003 HK\$'000	2002 HK\$'000
Salaries and other benefits	784	1,362
Contribution to retirement benefits scheme	24	48
	<u>808</u>	<u>1,410</u>

During the year, the aggregate emoluments of each of the above two highest paid employees were below HK\$1,000,000.

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived any emoluments during the year.

9. TAXATION

	2003 HK\$'000	2002 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
– Current year	3,944	4,868
– Underprovision in prior year	59	–
PRC income tax	3,236	1,873
Deferred taxation charges (credit)	1,501	(83)
	<u>8,740</u>	<u>6,658</u>

Hong Kong Profits Tax and PRC income tax were calculated at 17.5% (2002: 16%) and 27% (2002: 27%), respectively, on the respective estimated assessable profits.

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9. TAXATION (continued)

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Deferred taxation		
At beginning of the year	6,422	6,505
Charge (credit) for the year	1,501	(83)
At end of the year	7,923	6,422

As at the balance sheet dates, the deferred taxation liabilities represented the tax effect of timing differences attributable to the excess of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements.

10. DIVIDENDS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Ordinary shares		
2003 Interim, paid – 1 cents per share	3,750	–
2002 Final, paid	10,000	–
	13,750	–

During the year, a final dividend of HK\$10,000,000 was paid to the then shareholders of a subsidiary for the year ended 30th April 2002 prior to the Group Reorganisation.

The final dividend of HK3 cents per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

11. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit for the year of HK\$56,397,000 (2002: HK\$51,200,000) and on the weighted average number of 336,395,548 (2002: 312,375,000) shares in issue during the year assuming that the Group Reorganisation was effective on 1st May 2001.

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue in either 2003 and 2002.

For the year ended 30th April 2003

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvement HK\$'000	Moulds HK\$'000	Plant, machinery and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
AT COST								
At 1st May 2002	48,853	2,663	50,535	52,001	828	1,398	1,486	157,764
Currency realignment	(98)	(5)	(95)	(27)	-	(1)	(3)	(229)
Additions	8,216	138	48	12,767	-	135	51,002	72,306
Reclassification	9,272	-	24,655	-	-	-	(33,927)	-
At 30th April 2003	66,243	2,796	75,143	64,741	828	1,532	18,558	229,841
DEPRECIATION AND AMORTISATION								
At 1st May 2002	5,563	535	34,357	30,960	812	1,259	-	73,486
Currency realignment	(6)	-	(61)	(6)	-	(1)	-	(74)
Provided for the year	1,030	598	12,301	5,136	7	135	-	19,207
At 30th April 2003	6,587	1,133	46,597	36,090	819	1,393	-	92,619
NET BOOK VALUE								
At 30th April 2003	59,656	1,663	28,546	28,651	9	139	18,558	137,222
At 30th April 2002	43,290	2,128	16,178	21,041	16	139	1,486	84,278

The net book value of leasehold land and buildings shown above comprises:

	2003 HK\$'000	2002 HK\$'000
Held in Hong Kong under a medium-term lease	9,509	1,500
Held in the PRC under a medium-term lease	50,147	41,790
	59,656	43,290

The net book value of plant, machinery and equipment includes an amount of HK\$5,392,102 (2002: Nil) in respect of assets held under finance leases.

The Group has pledged land and buildings having a net book value of approximately HK\$9,509,000 (2002: HK\$1,500,000) to secure its general banking facilities.

*For the year ended 30th April 2003***13. INVESTMENT IN A SUBSIDIARY**

The cost value of the unlisted shares is based on the book values of the underlying net assets of the subsidiary attributable to the Group as at the date on which the Company became the ultimate holding company of the Group under the Group Reorganisation during 2002.

Details of the Company's subsidiaries at 30th April 2003 are set out in note 31.

None of the subsidiaries had issued any debt securities at the end of the year.

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms.

14. INVESTMENT IN SECURITIES

The amount represents an investment in Good Fortune Capital Guaranteed Fund of Hong Kong and Shanghai Banking Corporation Limited. This investment has been pledged to a bank to secure the general banking facilities granted to the Group.

15. INVENTORIES

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Raw materials	22,361	23,884
Work in progress	11,291	8,349
Finished goods	10,855	5,624
	<hr/> 44,507 <hr/>	<hr/> 37,857 <hr/>

All the inventories were carried at cost for both years.

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16. TRADE RECEIVABLES

The Group allows its trade customers with credit period normally ranging from 30 days to 90 days.

The aged analysis of trade receivables at the balance sheet date is as follows:

	2003 HK\$'000	2002 HK\$'000
0 to 90 days	39,139	28,917
91 – 180 days	14,129	4,093
181 – 365 days	2,249	4,649
	<u>55,517</u>	<u>37,659</u>
Allowances	(1,518)	(1,518)
	<u>53,999</u>	<u>36,141</u>

17. AMOUNT DUE FROM A RELATED COMPANY

	2003 HK\$'000	2002 HK\$'000	Maximum outstanding balance HK\$'000
Goodstar Industrial Limited	<u>-</u>	<u>269</u>	<u>269</u>

Mr. Yeung Kui Wong is the director and substantial shareholder of Goodstar Industrial Limited.

The amount was unsecured, non-interest bearing and was fully settled during the year.

18. TRADE AND OTHER PAYABLES

The aged analysis of the Group's trade payables at the balance sheet date is as follows:

	2003 HK\$'000	2002 HK\$'000
0 to 90 days	16,785	31,784
91 to 180 days	10,641	8,556
Over 181 days	609	-
	<u>28,035</u>	<u>40,340</u>
Other payables	7,776	9,613
	<u>35,811</u>	<u>49,953</u>

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19. AMOUNT DUE TO A DIRECTOR

The amount was unsecured, non-interest bearing and has been fully settled during the year.

20. OBLIGATION UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Amount payable under finance leases:				
Within one year	2,016	–	1,818	–
In the second to fifth year inclusive	2,972	–	2,861	–
	<u>4,988</u>	–	<u>4,679</u>	–
Less: future finance charges	309	–	–	–
	<u>4,679</u>	–	<u>4,679</u>	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			(1,818)	–
Amount due for settlement after 12 months			<u>2,861</u>	–

It is the Company's policy to lease certain of its plant, machinery and equipment under finance leases. The average lease term is three years. For the year ended 30th April 2003, the average effective borrowing rate was 5.125%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Company's obligations under finance leases are secured by the lessor's charge over the leased assets.

For the year ended 30th April 2003

21. BANK AND OTHER BORROWINGS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
The Group's bank and other borrowings comprises:		
Bank overdrafts	1,870	797
Bank borrowings	40,841	2,057
Trust receipt loans	5,331	7,900
Other borrowings	943	945
	<u>48,985</u>	<u>11,699</u>
Secured	46,125	2,854
Unsecured	2,860	8,845
	<u>48,985</u>	<u>11,699</u>
The maturity profile of the above bank and other borrowings is as follows:		
Within one year	37,556	11,426
More than one year, but not exceeding two years	4,359	273
More than two years, but not exceeding five years	2,535	–
More than five years	4,535	–
	<u>48,985</u>	<u>11,699</u>
Less: Amount due within one year shown under current liabilities	<u>(37,556)</u>	<u>(11,426)</u>
	<u>11,429</u>	<u>273</u>

During the year, the Group obtained new bank loans in the amount of HK\$51,316,000. The loans bear interest at market rates and are repayable by instalments over a period of five years. The proceeds were used to finance the acquisition of property, plant and equipment and as additional working capital for the Group.

For the year ended 30th April 2003

22. SHARE CAPITAL

	Number of shares '000	Amounts HK\$'000
<i>Authorised:</i>		
On date of incorporation, ordinary share of HK\$0.10 each	3,500	350
Subdivided into 10 shares of HK\$0.01 each	31,500	–
Ordinary share of HK\$0.01 each	35,000	350
Increase during the period	7,965,000	79,650
As at 30th April 2003	8,000,000	80,000
<i>Issued and fully paid:</i>		
Allotted and issued nil paid during the period	100	–
Subdivided into 10 shares of HK\$0.01 each	900	–
	1,000	–
Credited as fully paid from share premium account under the Group Reorganisation	–	10
Issue of shares by capitalization of share premium account	311,375	3,114
Issue of shares for placing and public offer	62,625	626
As at 30th April 2003	375,000	3,750

The Company was incorporated with an authorised share capital of HK\$350,000 divided into 3,500,000 shares of HK\$0.10 each.

At the first meeting of the provisional directors of the Company held on 18th April 2002, 100,000 shares of HK\$0.10 each were allotted and issued nil paid.

At a special general meeting of the Company held on 26th November 2002:

- (a) each of the issued and unissued shares of HK\$0.10 each in the share capital of the Company was sub-divided into 10 shares of HK\$0.01 each.
- (b) the authorised share capital of the Company was increased from HK\$350,000 to HK\$80,000,000 by the creation of an additional 7,965,000,000 shares of HK\$0.01 each which ranked pari passu with the existing shares in all respects.

For the year ended 30th April 2003

22. SHARE CAPITAL *(continued)*

- (c) the directors were authorised to allot and issue, credited as fully paid, a total of 1,000,000 shares as consideration for the acquisition of the entire share capital of Warderly Group Limited pursuant to the Group Reorganisation.
- (d) the directors authorised to allot and issue a total 311,375,000 shares credited as fully paid at par to the holders of shares on the register of members at the close of business on 26th November 2002 by way of capitalisation.
- (e) ordinary shares of 48,562,500 shares of HK\$0.01 each to the public and the placing of 14,062,500 shares of HK\$0.01 each, both at a price of HK\$0.80 per share, were approved and the directors were authorised to allot and issue the new shares in connection with the new issue and the placing.

The above resolutions became unconditional on 18th December 2002 when the Company's shares were listed on the Stock Exchange. The proceeds from the shares issued above were used for financing the Group's production facilities, development and promotion of the Group's new products and the provision of additional working capital.

23. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 26th November 2002 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 25th November 2012. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including any full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive and independent non-executive directors, advisor, consultants of the Company or any subsidiaries of the Company (the "Participant"), to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of commencement of listing of the shares of the Company on the Stock Exchange and subject to renewal with approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK\$1 per grant. Options may be exercised during a period to be determined and notified by the Board to each Participant which period in any event shall not end later than 10 years from the date upon which the grant of option is accepted or deemed to be accepted in accordance with the Scheme. The exercise price is determined by the directors of the Company, and will not be less than the highest of the closing price of the Company's shares on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's share.

No option has been granted since the adoption of the Scheme.

For the year ended 30th April 2003

24. OPERATING LEASE COMMITMENTS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Minimum lease payments under operating leases in respect of rented premises during the year	<u>187</u>	<u>126</u>

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	THE GROUP	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Within one year	1,861	–
In the second to fifth year inclusive	3,179	–
	<u>5,040</u>	<u>–</u>

Operating lease payments represents rental payable by the Group for certain of its office premises. Leases are negotiated for an average term of three years.

The Company had no operating lease commitment at the balance sheet date.

25. MAJOR NON CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of HK\$5,686,000.

26. CAPITAL COMMITMENTS

At the balance sheet date, the Group has capital expenditure amounting to HK\$2,159,000 (2002: HK\$678,000) in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements.

The Company has no material capital commitment at the balance sheet date.

27. CONTINGENT LIABILITIES

At the balance sheet date, the Group had discounted bills with recourse of HK\$7,921,000 (2002: HK\$13,071,000).

At the balance sheet date, the Company had no material contingent liability.

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28. PLEDGE OF ASSETS

As at 30th April 2003, the Group pledged the following assets to banks to secure general banking facilities granted to the Group.

	2003 HK\$'000	2002 HK\$'000
The carrying value of the leasehold land and buildings	9,509	1,500
Bank deposits	6,330	1,089
Investment in securities	1,190	–
	17,029	2,589

29. RETIREMENT BENEFITS SCHEME

The Group operates Mandatory Provident Fund (MPF) schemes for all qualifying employees of its Hong Kong subsidiaries. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The Group contributed 5% of the relevant payroll costs to the Scheme, which contribution is matched by employees.

The retirement benefits cost charged to income statement represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

The employees of the Group's PRC subsidiary are members of a state-managed retirement benefits scheme operated by the PRC government. The subsidiary is required to contribute a specified percentage of their payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the income statement of HK\$724,000 (2002: HK\$500,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

At the balance sheet date, there was no significant forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which was available to reduce the contribution payable in the future years.

30. RELATED PARTY TRANSACTION

As at 30th April 2003, a banking facility of the Group amounting to HK\$67,978,000 (2002: HK\$81,624,000) was guaranteed personally by Mr. Yeung Kui Wong and his wife, without charge. The guarantee has been released subsequent to the year end.

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31. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 30th April 2003 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Principal activities
Dongguan Kalee Electrical Co., Ltd.	Peoples' Republic of China (the "PRC") (wholly-owned foreign enterprise)	HK\$43,150,000 (paid up: HK\$23,820,000)	Manufacturing of household electrical appliances
Grand Eternity (Hong Kong) Limited	Hong Kong	HK\$11,000	Trading of small household electrical appliances and other electrical products
Housely Industries Limited	Hong Kong	HK\$1,001,000	Investment holding and trading of household electrical appliances
Rockcastle Assets Limited	British Virgin Islands	US\$1	Holding of a trademark
Tacho Company Limited	Hong Kong	HK\$1,002	Investment holding and manufacturing and trading of household electrical appliances
Top Global Resources Limited	British Virgin Islands	US\$100	Licensee of the use of an invention known as air ventilator
Warderly Group Limited	British Virgin Islands	US\$10,000	Investment holding
東莞匯利高電器有限公司 (Dong Guan Wui Lee Go Electrical Co., Ltd.)	the PRC (wholly-owned foreign enterprise)	HK\$4,800,000 (paid up: Nil)	Not yet commenced business

Warderly Group Limited is incorporated in the British Virgin Islands and is directly held by the Company. All other subsidiaries are indirectly held by the Company.