

BUSINESS REVIEW

For the six months ended 30 September, 2003, the Group's sales turnover increased by 3% to HK\$405,985,000 (2002: HK\$396,064,000) and consolidated net profit decreased by 6% to HK\$30,718,000 (2002: HK\$32,827,000). Basic earnings per share of the Group decreased by HK0.6 cents to HK9.2 cents (2002: HK9.8 cents). The Board of Directors recommends an interim dividend of HK2 cents (2002: HK2 cents) per share shall be paid.

Turnover of household electrical appliances decreased by 5% to HK\$284,809,000 representing 70% of the Group's turnover. Turnover of personal care products increased by 26% to HK\$121,176,000 representing 30% of the Group's turnover.

Geographically, turnover to Europe decreased by 3% to HK\$188,286,000 representing 46% of the Group's turnover. Turnover to America decreased by 1% to HK\$147,094,000 representing 36% of the Group's turnover. Turnover to Asia and other markets increased by 35% to HK\$70,605,000 representing 18% of the Group's turnover.

Gross profit margin dropped from 23% to 22% due to the continual pricing pressure from customers. The Group's distribution costs and administrative expenses were maintained at 4% and 10% to turnover respectively. Profit from operations dropped by 2% to 9% to turnover. The profit from operations dropped to HK\$34,874,000 (2002: HK\$41,671,000). This decrease was mainly attributed to the decrease in the average selling price and the increase in plastic resin prices.

The outbreak of SARS in Hong Kong and China has not affected the Group's operation significantly. During the outbreak, preventive measures were implemented in our Hong Kong office and PRC factories thereby slightly increasing the administrative expenses. In addition, some of our overseas customers refrained from travelling to Hong Kong which has caused a certain extent of delay to the development timeframe of the new projects in the pipeline.

During the period, new products launched included new versions of Foot Bath, Bath Spa, Food Processor, Deep Fryer, Blender and Food Steamer.