

**Notes:**

**1) SIGNIFICANT ACCOUNTING POLICIES**

*Basis of preparation*

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements ("Unaudited Interim Financial Statements") are consistent with those used in the annual accounts for the year ended 30 April 2000.

These Unaudited Interim Financial Statements are prepared in accordance with the Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants, except that the comparative amounts of the condensed consolidated cash flow statement has not been prepared, and such departure from SSAP 25 is permitted under Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

*Changes in comparatives for the corresponding previous period*

For the year ended 30 April 2000, the Group changed its accounting policies in respect of pre-operating expenses. The changes in accounting policies had been applied retrospectively by means of prior year adjustments in the annual accounts for the year ended 30 April 2000, details of which were more fully described therein. For the purpose of presenting the comparatives for the corresponding period in these interim financial statements, the comparatives were restated to reflect the effects of these prior year adjustments. Accordingly, adjustments were made to increase the Group's profit for the six months ended 31 October 1999 and decrease the opening retained earnings at 1 May 1999 by HK\$1,144,000 and HK\$8,640,000 respectively.

The cumulative effects of the prior year adjustments to opening revenue reserve as at 1 May 1999 was HK\$8,640,000.

**2) REVENUE AND TURNOVER**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 October</b>	
	<b>2000</b>	<b>1999</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover		
Sale of goods	<u><b>391,388</b></u>	<u>383,838</u>
Other revenues		
Rendering of services	<b>6,054</b>	5,204
Interest income	<b>376</b>	266
Franchise income	<u><b>744</b></u>	<u>223</u>
	<u><b>7,174</b></u>	<u>5,693</u>
Total revenues	<u><b>398,562</b></u>	<u>389,531</u>

3) **SEGMENTAL INFORMATIONS**

	<b>Unaudited Six months ended 31 October</b>			
	<b>Turnover</b>		<b>Profit before taxation</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>BY PRINCIPAL ACTIVITIES</b>				
Continuing operations				
Manufacturing and trading of office furniture and building materials	372,254	333,844	14,877	26,414
Supply and installation of kitchen cabinets	<u>19,134</u>	<u>42,290</u>	<u>(7,229)</u>	<u>(2,076)</u>
	<b>391,388</b>	376,134	<b>7,648</b>	24,338
Discontinued operations				
Trading of home furniture	<u>-</u>	<u>7,704</u>	<u>-</u>	<u>(6,919)</u>
	<b><u>391,388</u></b>	<b><u>383,838</u></b>	<b><u>7,648</u></b>	<b><u>17,419</u></b>

**BY GEOGRAPHICAL LOCATIONS**

Continuing operations				
Hong Kong	196,541	186,781	4,379	6,761
The People's Republic of China excluding Hong Kong ("PRC")	184,785	179,986	2,374	14,737
Overseas	<u>10,062</u>	<u>9,367</u>	<u>895</u>	<u>2,840</u>
	<b>391,388</b>	376,134	<b>7,648</b>	24,338
Discontinued operations				
PRC	<u>-</u>	<u>7,704</u>	<u>-</u>	<u>(6,919)</u>
	<b><u>391,388</u></b>	<b><u>383,838</u></b>	<b><u>7,648</u></b>	<b><u>17,419</u></b>

4) **PROFIT BEFORE FINANCE COSTS**

Profit before finance costs is stated after charging the following:

	<b>Unaudited Six months ended 31 October</b>	
	<b>2000</b>	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Charging</b>		
Depreciation:		
Owned fixed assets	10,262	11,465
Leased fixed assets	378	-
Operating lease rentals for land and buildings	<u>14,089</u>	<u>23,410</u>

5) **FINANCE COSTS**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 October</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on bank loans and overdrafts wholly repayable within five years	4,475	5,416
Interest element of finance leases	163	–
Bank charges and other borrowing costs	1,178	1,672
Less: amount capitalised in construction in progress	–	(284)
	<u>5,816</u>	<u>6,804</u>

6) **TAX CHARGE**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 October</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<b>HK\$'000</b>
Provision for the period		
Hong Kong	(598)	–
PRC	(2)	(960)
Tax charge for the period	<u>(600)</u>	<u>(960)</u>

7) **EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share for the six months ended 31 October 2000, together with comparative figures, is based on the following data.

	<b>2000</b>	1999
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(As restated)
Earnings:		
Basic earnings – profit attributable to shareholders	7,048	17,182
Deemed increase/(decrease) in earnings from exchange of shares held by a minority shareholder of a subsidiary pursuant to the terms of the share exchange agreement	–	(723)
Adjusted earnings for the purpose of diluted earnings per share	<u>7,048</u>	<u>16,459</u>
Number of shares:	<b>2000</b>	1999
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	2,701,212,090	2,051,755,926
Dilutive effect of exercised warrants	3,980	–
Effects of dilutive potential ordinary shares:		
Outstanding warrants and options	6,825,885	107,236,004
Shares held by a minority shareholder of a subsidiary convertible to shares in the Company	–	149,078,191
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,708,041,955</u>	<u>2,308,070,121</u>

The number of Shares used in the above calculation has taken into account the Rights Issue and Bonus Issue on 17 November 2000.

## 8) PROPERTY, PLANT AND EQUIPMENT

- (a) During the period, the Group spent HK\$13,670,000 on additions to property, plant and equipment (1999: HK\$10,115,000).
- (b) At 31 October 2000, the net book value of fixed assets held by the Group under finance leases amounted to HK\$2,943,000 (30 April 2000: HK\$2,275,000).
- (c) At 31 October 2000, the net book value of leasehold land and buildings pledged as security for the Group's bank loan and overdraft facilities amounted to HK\$178,420,000 (30 April 2000: HK\$180,938,000).

## 9) INVENTORIES

	<b>Unaudited</b> <b>31 October 2000</b> <i>HK\$'000</i>	Audited 30 April 2000 <i>HK\$'000</i>
Raw materials	69,468	61,273
Work in progress	5,639	6,512
Finished goods	84,826	77,715
	<u>159,933</u>	<u>145,500</u>

## 10) ACCOUNTS RECEIVABLE

A defined credit policy is maintained within the Group. The age analysis as at 31 October 2000 is as follows:

	<b>Unaudited</b> <b>31 October 2000</b> <i>HK\$'000</i>
Amounts receivable within:	
0–30 days	94,739
31–60 days	18,284
61–120 days	31,681
121–180 days	16,544
>180 days	9,770
	<u>171,018</u>

## 11) ACCOUNTS PAYABLE AND BILLS PAYABLE

The age analysis as at 31 October 2000 is as follows:

	<b>Unaudited</b> <b>31 October 2000</b> <i>HK\$'000</i>
Amounts payable within:	
0–30 days	50,633
31–60 days	20,425
61–120 days	27,589
>120 days	9,123
	<u>107,770</u>

## 12) NON-CURRENT LIABILITIES

	Unaudited 31 October 2000 HK\$'000	Audited 30 April 2000 HK\$'000
Borrowings:		
Trust receipt loans	18,074	27,173
Bank overdrafts	6,688	16
Bank loans – Secured	49,508	97,210
	<u>74,270</u>	<u>124,399</u>
Obligations under finance leases	<u>2,618</u>	<u>2,146</u>
	76,888	126,545
Current portion of borrowings	<u>(70,699)</u>	<u>(116,900)</u>
Non-current portion of borrowings	<u>6,189</u>	<u>9,645</u>

## 13) SHARE CAPITAL

On 25 August 2000, the Company issued 330,000,000 ordinary shares of HK\$0.10 each to iD Innovation Limited (“iDI”) for acquisition of 16.5% of the issued share capital of iDI at a consideration of HK\$33 million.

## 14) RESERVES

	Share premium HK\$'000	Merger reserve on consolidation HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 May 2000	114,537	1,000	109	135,040	250,686
Profit for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,048</u>	<u>7,048</u>
At 31 October 2000	<u>114,537</u>	<u>1,000</u>	<u>109</u>	<u>142,088</u>	<u>257,734</u>

## 15. CONTINGENT LIABILITIES

	Unaudited 31 October 2000 HK\$'000	Audited 30 April 2000 HK\$'000
Guarantees for bank loans and overdraft of certain subsidiaries	<u>107,193</u>	<u>169,342</u>

The Company has executed guarantees to banks for facilities granted to certain subsidiaries. The utilised amount of such facilities covered by the Company's guarantees which also represented the financial exposure of the Company at the balance sheet date amounted to approximately HK\$107,193,000 (30 April 2000: HK\$169,342,000). The total amount of such facilities covered by the Company's guarantees amounted to approximately HK\$188,908,000 (30 April 2000: HK\$197,764,000).

Save as aforesaid, the Group had no significant contingent liabilities as at 31 October 2000 (30 April 2000: Nil)