

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June 2001

1. SIGNIFICANT ACCOUNTING POLICIES

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

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, except that comparative figures are not presented for the condensed consolidated cash flow statement and the condensed consolidated statement of recognised gains and losses, being the first condensed consolidated cash flow statement and the condensed consolidated statement of recognised gains and losses to be included in the interim financial report relating to accounting period ended on or after 1st July 2000. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st December 2000.

2. SEGMENT INFORMATION

	For the six months ended 30th June		Contribution to results from ordinary activities before taxation	
	Turnover			
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activity:				
Manufacture and trading of:				
Power tools products	1,600,563	797,755	116,412	79,059
Floor care appliances products	524,789	382,337	17,254	5,679
Solar powered and electronic products	102,807	101,238	13,238	12,958
Other products	87,470	50,847	9,568	5,422
	<u>2,315,629</u>	<u>1,332,177</u>	<u>156,472</u>	<u>103,118</u>
Finance costs			(47,814)	(14,258)
Contribution from associates			(280)	(1,145)
Profit before taxation			<u>108,378</u>	<u>87,715</u>
By geographical market location:				
North America	1,963,013	1,014,211	132,948	88,932
Europe	250,800	211,012	10,830	7,205
Other countries	101,816	106,954	12,694	6,981
	<u>2,315,629</u>	<u>1,332,177</u>	<u>156,472</u>	<u>103,118</u>
Finance costs			(47,814)	(14,258)
Contribution from associates			(280)	(1,145)
Profit before taxation			<u>108,378</u>	<u>87,715</u>

3. TAXATION

	For the six months ended 30th June	
	2001	2000
	HK\$'000	HK\$'000
The total tax charge comprises:		
Hong Kong Profit Tax calculated at 16% of the estimated assessable profit of the period	9,000	6,053
Overseas taxation on profit for the period	616	891
	9,616	6,944

4. 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	
	2001	2000
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per shares:		
Profit for the period	95,771	79,669
Weighted average number of ordinary shares for the purposes of basic earnings per share	562,987,936	559,071,246
Effect of dilutive potential ordinary shares:		
Options	2,016,788	1,951,063
Weighted average number of ordinary shares for the purposes of diluted earnings per share	565,004,724	561,022,309

5. 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 2001 HK\$'000	31st December 2000 HK\$'000
0 to 60 days	458,683	372,952
61 to 120 days	58,771	79,401
121 days or above	46,853	35,504
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Total trade receivables	<u>564,307</u>	<u>487,857</u>

6. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	30th June 2001 HK\$'000	31st December 2000 HK\$'000
0 to 30 days	305,618	192,092
31 to 60 days	128,823	136,246
61 to 90 days	23,100	81,057
91 days or above	44,057	102,498
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Total trade payables	<u>501,598</u>	<u>511,893</u>

7. SHARE CAPITAL

	Number of Shares		Share Capital	
	30th June 2001	31st December 2000	30th June 2001 HK\$'000	31st December 2000 HK\$'000
Ordinary shares of HK\$0.20 each				
Authorised	<u>800,000,000</u>	<u>800,000,000</u>	<u>160,000</u>	<u>160,000</u>
Issued and fully paid:				
At 1st January	561,216,826	558,866,826	112,243	111,773
Issue of shares during the period	<u>9,200,000</u>	<u>2,350,000</u>	<u>1,840</u>	<u>470</u>
	<u>570,416,826</u>	<u>561,216,826</u>	<u>114,083</u>	<u>112,243</u>

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

8. RESERVES

	Share premium <i>HK\$'000</i>	(Goodwill) reserve arising on consolidation <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained profit <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP					
At 1st January 2001	227,603	(160,604)	(3,676)	641,727	705,050
Exchange differences on translation of overseas operations	—	—	(2,658)	—	(2,658)
Premium on shares issued	8,567	—	—	—	8,567
Profit for the period	—	—	—	95,771	95,771
Interim dividend	—	—	—	(25,840)	(25,840)
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At 30th June 2001	<u>236,170</u>	<u>(160,604)</u>	<u>(6,334)</u>	<u>711,658</u>	<u>780,890</u>

9. POST-BALANCE SHEET EVENT

Subsequent to the Balance Sheet date, the Company has entered an agreement with Ryobi Limited to acquire their Ryobi Power Tools businesses in Europe. The consideration of the acquisition amounted to approximately HK\$52.3 million.