

Notes:

**1. Basis of presentation and accounting policies**

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25, “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (“HKSA”) and Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies adopted and methods of computation used in the preparation of the interim report are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2002 except that the revised SSAP 12 (“Income Taxes”) issued by the HKSA have been adopted for the first time in the preparation of the current period’s condensed consolidated financial statements.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The revised SSAP has had no major impact on the condensed consolidated financial statements.

**2. Turnover and segment information**

The Group is principally engaged in the manufacture and sale of ironware products, accessories for electrical appliances, optical fibre cable products, electronic products; and the trading of electrical appliances.

a) *Business segments*

The following table presents revenue and profit/(loss) for the Group’s business segments for the six months ended 30 June 2003 and 2002.

	Electronic products		Electrical accessories		Ironware products		Electrical appliances		Optic fibre and digital fibre cable products		Corporate and others		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000
Segment revenue:																
Sales to external customers	8,584	13,012	68,743	38,041	66,064	44,150	11,434	5,720	21,525	16,777	364	365	-	-	176,714	118,065
Intersegment sales	-	-	509	-	-	-	-	-	-	-	-	-	(509)	-	-	-
Total	8,584	13,012	69,252	38,041	66,064	44,150	11,434	5,720	21,525	16,777	364	365	(509)	-	176,714	118,065
Segment results	508	2,327	18,941	14,256	10,639	8,432	422	117	865	178	(6,354)	(4,162)	793	-	25,814	21,148
Unallocated income															858	448
Profit from operating activities															26,672	21,596

**2. Turnover and segment information (continued)**

b) *Geographical segments*

The following table presents revenue and profit for the Group's geographical segments for the six months ended 30 June 2003 and 2002.

	Turnover		Profit from operating activities	
	Six months ended 30 June		Six months ended 30 June	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The People's Republic of China:				
Hong Kong	<b>12,118</b>	1,068	<b>4,107</b>	327
Elsewhere	<b>151,293</b>	105,736	<b>21,025</b>	18,636
Southeast Asian countries	<b>493</b>	5,007	<b>136</b>	1,426
Australia	<b>3,834</b>	1,231	<b>77</b>	25
Others	<b>8,976</b>	5,023	<b>1,327</b>	1,182
	<b>176,714</b>	118,065	<b>26,672</b>	21,596

**3. Depreciation and amortisation**

During the period, depreciation of HK\$6,130,000 (2002: HK\$4,377,000) was charged in respect of the Group's fixed assets and amortisation of HK\$12,000 (2002: Nil) was charged in respect of the Group's prepaid rental.

**4. Tax**

	Six months ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
The People's Republic of China:		
Hong Kong	-	2
Elsewhere	<b>2,926</b>	2,063
	<b>2,926</b>	2,065
Share of tax attributable to an associate	<b>319</b>	-
	<b>3,245</b>	2,065

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the six months ended 30 June 2003. Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2002. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

**5. Interim dividend**

The directors resolved to pay an interim dividend to shareholders at HK\$0.002 per share, amounting to HK\$6,040,000 for the six months ended 30 June 2003 (2002: Nil).

**6. Earnings per share**

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders for the period of HK\$22,637,000 (2002: HK\$18,200,000) and the weighted average of 3,020,000,000 (2002: 3,020,000,000) ordinary shares in issue during the period.

Diluted earnings per share have not been shown as there were no potential dilutive ordinary shares in existence during the period (2002: Nil).

**7. Trade and bills receivables**

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Trade receivables	<b>154,390</b>	110,686
Bills receivables	<b>2,017</b>	1,052
	<b><u>156,407</u></b>	<u>111,738</u>

The age of the Group's trade and bills receivables are analysed as follows:

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Within 3 months	<b>131,400</b>	87,098
4 to 6 months	<b>23,755</b>	20,382
7 to 9 months	<b>3,065</b>	4,554
10 to 12 months	<b>1,366</b>	1,498
More than 1 year	<b>551</b>	909
	<b><u>160,137</u></b>	<u>114,441</u>
Provision for bad and doubtful debts	<b><u>(3,730)</u></b>	<u>(2,703)</u>
	<b><u>156,407</u></b>	<u>111,738</u>

It is the general policy of the Group to allow a credit period of two to six months. In addition, for certain customers with long-established relationships and good past repayment histories, a longer credit period may be granted in order to maintain a good relationship.

## 8. Trade and bills payables

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Trade payables	<b>43,991</b>	31,491
Bills payable	<b>24,734</b>	17,674
	<b><u>68,725</u></b>	<u>49,165</u>

The age of the Group's trade and bills payables are analysed as follows:

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Within 3 months	<b>58,396</b>	43,405
4 to 6 months	<b>6,615</b>	4,091
7 to 9 months	<b>2,678</b>	852
10 to 12 months	<b>748</b>	244
More than 1 year	<b>288</b>	573
	<b><u>68,725</u></b>	<u>49,165</u>

## 9. Share capital

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Authorised: 20,000,000 ordinary shares of HK\$0.01 each	<b><u>200,000</u></b>	<u>200,000</u>
Issued and fully paid: 3,020,000,000 ordinary shares of HK\$0.01 each	<b><u>30,200</u></b>	<u>30,200</u>

## 10. Statutory reserve

In accordance with the Macau Commercial Codes, a subsidiary of the Company, whose principal operation is conducted in Macau, is required to appropriate annually not less than 25% of their profit after tax to a statutory reserve, until the balance of the reserve reaches 50% of the subsidiary's capital fund. The statutory reserve may be utilised by the Company's subsidiary for certain restricted purposes including the set off against accumulated losses, if any, arising under certain specific circumstances.

**11. Operating lease arrangements**

a) *As lessor*

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from two to three years. The term of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 June 2003, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Within one year	<b>188</b>	275
In the second to fifth years, inclusive	<b>76</b>	165
	<b><u>264</u></b>	<u>440</u>

b) *As lessee*

The Group leases certain of its use of land under operating lease arrangements which are negotiated for a lease term of 50 years. In addition, the Group leases certain of its offices properties under operating lease arrangements. Lease for properties are ranged from two to three years.

At 30 June 2003, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Within one year	<b>319</b>	321
In the second to fifth years, inclusive	<b>714</b>	796
After five years	<b>9,468</b>	9,544
	<b><u>10,501</u></b>	<u>10,661</u>

## 12. Commitments

The Group had the following capital commitments contracted but not provided for at the balance sheet date:

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Acquisition of certain fixed assets	<b>3,378</b>	7,867
Procurement of land use rights for PRC land for 50 years	<b>561</b>	561
An investment in a subsidiary	<b>12,000</b>	12,000
	<b><u>15,939</u></b>	<u>20,428</u>

## 13. Contingent liabilities

As at 30 June 2003, the Company had contingent liabilities in respect of corporate guarantees provided for banking facilities for certain subsidiaries and an associate, which were utilised to the extent of HK\$7.0 million (31 December 2002: HK\$5.3 million).

Save as disclosed above neither the Group, nor the Company, had any significant contingent liabilities as at 30 June 2003.

## 14. Pledge of assets

Certain of the Group's borrowings at 30 June 2003 were secured by bank deposits, leasehold land and buildings and investment properties situated in Hong Kong owned by the Group.

## CLOSURE OF REGISTER OF MEMBERS

The Board of Directors has resolved to pay an interim dividend to shareholders at HK\$0.002 per share for the six months ended 30 June 2003 (2002: Nil).

The dividend will be payable on or about 6 October 2003 to shareholders of the Company whose names are on the Register of Members on 30 September 2003. The Register of Members will be closed from 25 September 2003 to 30 September 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited, Room 1901-05, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on 24 September 2003.