



(Stock code: 684)

## RESULTS

## CONDENSED CONSOLIDATED INCOME STATEMENT

*Notes:*

## 1. General

(i) *Basis of preparation*

(ii) *Principal accounting policies*

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2004.

## 2. Segment Information

### Geographical segments

Six months ended 30 September 2004

Six months ended 30 September 2003

|   | Europe<br>(Unaudited)<br>HK\$'000 | America<br>(Unaudited)<br>HK\$'000 | Asia<br>(Unaudited)<br>HK\$'000 | Others<br>(Unaudited)<br>HK\$'000 | Consolidated<br>(Unaudited)<br>HK\$'000 |
|---|-----------------------------------|------------------------------------|---------------------------------|-----------------------------------|---|
| Turnover  | 188,286                           | 147,094                            | 56,498                          | 14,107                            | 405,985                                 |
| Segment result                                      | 18,090                            | 10,688                             | 5,332                           | 764                               | 34,874                                  |
| Investment income                                   |                                   |                                    |                                 |                                   | 1,575                                   |
| Interest on borrowings<br>and finance lease charges |                                   |                                    |                                 |                                   | (96)                                    |
| Profit before taxation                              |                                   |                                    |                                 |                                   | 36,353                                  |
| Taxation  |                                   |                                    |                                 |                                   | (5,635)                                 |
| Net profit for the period                           |                                   |                                    |                                 |                                   | 30,718                                  |

### 3. Profit Before Taxation

Profit before taxation has been arrived at after charging:

#### 4. Taxation

The charge comprises:

## 5. Dividend

The board of directors have determined that an interim dividend of HK2 cents (2003: HK2 cents) per share be paid on or before 13 January 2005 to the shareholders of the Company whose names appear on the Register of Members on 31 December 2004.

## 6. Earnings Per Share

The calculation of the earnings per share is based on the following data:

|  |                         |                    |
|--|-------------------------|--------------------|
|  | <b>Six months ended</b> |                    |
|  | <b>30 September</b>     |                    |
|  | <b>2004</b>             | 2003               |
|  | (Unaudited)             | (Unaudited)        |
|  | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
| Earnings for the purposes of basic earnings per share                    | <b>21,614</b>           | <b>30,718</b>      |
|  | <b>Six months ended</b> |                    |
|  | <b>30 September</b>     |                    |
|  | <b>2004</b>             | 2003               |
|  | (Unaudited)             | (Unaudited)        |
|  | <b>Number</b>           | <b>Number</b>      |
|  | <b>of Shares</b>        | <b>of Shares</b>   |
| Number of ordinary shares for the purpose of<br>basic earnings per share | <b>335,432,520</b>      | <b>335,432,520</b> |

## CLOSURE OF REGISTER

All transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Standard Registrars Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:00 p.m. on 31 December 2004, in order to qualify for the interim dividend above mentioned.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group manufactures a wide range of household electrical appliances and personal care products. Turnover to Europe increased by 5% to HK\$198,296,000 representing 45% of the Group's turnover. Turnover to America decreased by 8% to HK\$135,120,000 representing 31% of the Group's turnover. Turnover to Asia and other markets increased by 49% to HK\$105,279,000 representing 24% of the Group's turnover.

Gross profit margin dropped from 21.8% to 17.8%. The increase in raw material costs has eroded our profit margin severely. Prices for plastic resin, sheet metal and packaging materials have all increased significantly. On top of this, the increase in operating costs and labour costs in the PRC

have further cut into our profit margin. Over the period, the shortage of electricity supply and labour supply in the PRC and the increase in petroleum oil prices have affected our operating efficiencies negatively. However, due to the continual keen competition from other manufacturers, we were unable to pass on these costs increase to our customers during the period.

After tax net profit margin decreased from 7.6% to 4.9%. Distribution costs remained at 4% to turnover. Administrative expenses increased very slightly to HK\$40,534,000. Investment income increased by HK\$1,942,000 to HK\$3,517,000 thereby offsetting part of the drop in gross profit.

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

**LIQUIDITY AND FINANCIAL RESOURCES**

The Group maintained a strong balance sheet and a healthy liquidity position. As at 30 September 2004, the Group held HK\$152,353,000 in cash and bank deposits. Cash and bank deposits were mainly placed in US dollar short-term deposits, except for temporary balances held in such non-US currencies as required pending specific payments. Investments in held-to-maturity principal guaranteed funds and bonds were HK\$68,645,000 as at 30 September 2004. As at the same date, total borrowings was HK\$10,208,000 and the gearing ratio (ratio of total borrowings to shareholders’ equity) remained low at 2%.

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flows. With a strong financial position and available banking facilities, the Group is able to provide sufficient financial resources for our current commitments, working capital requirements, further expansion of the Group’s business operation and future investment opportunities, as and when required.

Most of the Group’s transactions were conducted in US dollars, Hong Kong dollars and Renminbi. The Group does not foresee any substantial exposure to foreign currency fluctuations and thus use of financial instruments for exchange rate hedging purpose is not considered.

**CAPITAL EXPENDITURES**

For the six months ended 30 September 2004, the Group invested HK\$13,798,000 in plant and machinery, equipment, computer systems and other tangible assets. These capital expenditure were funded by internal resources.

**PLEDGE OF ASSETS**

The Group has pledged certain land and buildings having a net book value of approximately HK\$8,879,000 to secure general banking facilities granted to the Group.

**CONTINGENT LIABILITIES**

As at 30 September 2004, the Group did not have any significant contingent liabilities.

**EMPLOYEE AND REMUNERATION POLICIES**

Currently, the Group employed approximately 4,800 employees. The majority of our employees work in the PRC. The Group remunerated our employees based on their performances, experiences and prevailing market rates while performances bonus are granted on a discretionary basis. Share options may also be granted to employees based on individual performance and attainment of certain set targets.

**PROSPECTS**

Looking ahead, the Group remains cautiously optimistic about our business performance in the future under the ever more so difficult and highly competitive business environment that we are currently exposed to.

The keen competition among manufacturers continues. However, we believe this would be a consolidation period in which only the fittest and the one with strong and stable financial position survives. We would continue with our cost control measures and to further improve our production efficiency. We do not expect the raw material costs to drop significantly in the near future. In addition, we expect the shortage in labour supply in South China to continue thereby further intensifying the escalation in wages. As such, we will continue to increase the degree of semi-automation in our manufacturing to counteract the heavy reliance on labour. We also believe semi-automation would play an important role in our continual improvement in product quality.

We are currently working on several new versions of Bath Spa, Foot Bath, Deep Fryer, Food Processor and Kettle.

With a strong and stable financial position, long established experience and goodwill, good long-term relationship with our customers, high quality products, improvement on existing products, research and development on new products, effective cost control measures and focus in our core business, the Group is confident to meet the challenges lying ahead and will strive to improve our future performance.

**PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2004.

**CODE OF BEST PRACTICE**

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules throughout the accounting period under review.

**AUDIT COMMITTEE**

The Audit Committee and the external auditors have reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2004.

**PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE**

A detailed announcement of interim results of the Group for the six months ended 30 September 2004, containing all the information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited, will be published on the website of the Stock Exchange in due course.

**APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our employees, shareholders and business associates for their contribution and support to the Group. Also, I am pleased to welcome Madam Chan How Chun who joined the Board in September 2004 as Independent Non-Executive Director.

*As at the date of this announcement, the Executive Directors are Mr. Cheung Lun (Chairman); Mr. Cheung Shu Wan (Managing Director); Ms. Cheung Lai Chun, Maggie; Ms Cheung Lai See, Sophie; and Mr. Cheung Pui. The Independent Non-Executive Directors are Ms. Chan How Chun, Mr. Lai Ah Ming, Leon and Professor Lo Chung Mau.*

On behalf of the Board  
**Cheung Shu Wan**  
*Managing Director*

Hong Kong, 15 December 2004