

**MILLENNIUM SENSE HOLDINGS LTD :
IT MUST DIVERSIFY PRODUCT RANGE OR DIE**

The Profit Attributable to Shareholdings of new listing company, Millennium Sense Holdings Ltd (Code: 724), was inflated by corporate activities, outside the Principal Activities of the Group, to the extent of \$HK14,168,000 in the 1997 Financial Year (ended June 30, 1997), \$HK2,586,000 in the 1998 Financial Year, \$HK1,910,000 in the 1999 Financial Year, and, for the 5 months to November 30, 1999, by \$HK1,323,000.

This was brought about due to the Group, logging in surpluses in those Financial Years, due to disposals of land and buildings and/or disposals of machinery and equipment.

Without these '*exceptional items*', the Net Profit of this cigarette lighter manufacturing company would have been much lower; and, the 41-month summary of activities would have looked much differently from that which is stated in the Company's Prospectus.

This is the 41-month summary, taken from Pages 103 and 105 of the Prospectus:

	(All Figures are Denominated in \$HK'000)			
	Financial Year ended June 30			
	1997	1998	1999	Five Months to November 30, 1999
Turnover	186,598	178,944	166,387	72,899
Cost of Sales	(126,427)	(105,230)	(104,040)	(45,597)
Gross Profit	60,171	73,714	62,347	27,203
Other Revenue	3,012	1,680	1,729	1,424
Other Operating Income/(Expenses)	15,905	719	3,252	(3,826)
Distribution Costs	(7,884)	(10,214)	(10,678)	(4,952)
Administrative Expenses	(20,915)	(20,362)	(16,109)	(5,855)
Profit from Operating Activities	50,289	45,537	40,541	14,093
Finance Costs	(5,989)	(5,313)	(4,794)	(1,454)
Share of Losses of jointly controlled Entity	(867)	(7,551)	(5,197)	(3,062)
Profit before Taxation	43,433	32,673	30,550	9,577
Taxation	(2,535)	(2,926)	(2,409)	(1,709)
Net Profit from Ordinary Activities Attributable to Shareholders	40,898	29,747	28,141	7,868

From the above TARGET table, the effective assessable tax rate ranged from 5.84 percent in 1997, rising to 8.96 percent in the 1998 Financial Year, falling slightly in the 1999 Year to about 7.88 percent, and, then, for the first 5 months of the Current Year, ending June 30, 2000, it rose to 17.84 percent.

Since just about all of the tax was paid to the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) -- see Page 107: Note (e) -- it is clear that the items, classified by TARGET as being '*exceptional items*', were not taxable under HKSAR tax laws.

If one were to exclude these '*exceptional items*' from the Bottom Line of Millennium Sense for the Financial Years, 1997, 1998 and 1999, it would read as follows:

	<i>(All Figures are Denominated in \$HK'000)</i>		
	1997	1998	1999
	Financial Year ended June 30		
Profit Attributable to Shareholders from Ordinary Activities, only	26,730	27,161	26,231

For the Current Year, the Profit Attributable to Shareholders from Ordinary Activities will be inflated by exceptional items to the extent of at least \$HK1,323,000, according ... [CLICK TO ORDER FULL ARTICLE](#)

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